



Barclays Energy-Power Conference

September 9, 2021

8-K'ed on September 9, 2021

NorthWestern[®]
Energy
Delivering a Bright Future

Forward Looking Statements

Forward Looking Statements

During the course of this presentation, there will be forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.”

The information in this presentation is based upon our current expectations as of the date hereof unless otherwise noted. Our actual future business and financial performance may differ materially and adversely from our expectations expressed in any forward-looking statements. We undertake no obligation to revise or publicly update our forward-looking statements or this presentation for any reason. Although our expectations and beliefs are based on reasonable assumptions, actual results may differ materially. The factors that may affect our results are listed in certain of our press releases and disclosed in the Company’s most recent Form 10-K and 10-Q along with other public filings with the SEC.

Company Information

NorthWestern Corporation

dba: NorthWestern Energy

Ticker: NWE (Nasdaq)

www.northwesternenergy.com

Corporate Office

3010 West 69th Street

Sioux Falls, SD 57108

(605) 978-2900

Investor Relations Officer

Travis Meyer

605-978-2967

travis.meyer@northwestern.com



Boulder River in Montana

NorthWestern Energy Value Proposition

A pure electric and natural gas utility serving as stewards of critical energy infrastructure that provides essential services to a broad service territory spanning across Montana, South Dakota, Nebraska and Yellowstone National Park.

A Strong Financial Foundation and Investment for the Long Term

- Over 100 years of operating history
- History of strong earnings growth
 - 3.7% Non-GAAP EPS CAGR from 2011-2020
 - Targeted 3%-6% long-term EPS growth rate
- History of annual dividend increases
 - Growing from \$1.00 per share in 2005 to \$2.48 in 2021 (annualized)
 - Competitive current dividend yield of 3.9%
- Growing capital investment program
 - \$400+ million annual investment and approximately 2.4x depreciation in 2021
- Significant generation capacity deficit with opportunity for investment
- Diverse energy supply portfolio - already 65% carbon-free (MWh's delivered)
- Award winning and best practices corporate governance
- Stable and flexible investment grade balance sheet
- Ample liquidity (>\$100 Millions) to weather uncertainty
- History of stable customer growth, in excess of national average
- Customer bills well below national average
- Highest ever customer satisfaction scores



NWE - An Investment for the Long Term

Pure Electric & Gas Utility

- 100% pure electric & natural gas utility business with over 100 years of operating history
- Solid economic indicators in service territory
- Diverse electric supply portfolio ~65% hydro, wind & solar

Solid Utility Foundation

- Residential electric & gas rates below national average
- Solid system reliability
- Low leaks per 100 miles of pipe
- Solid JD Power Overall Customer Satisfaction scores

Strong Earnings & Cash Flow

- Consistent track record of earnings & dividend growth
- Strong cash flows aided by net operating loss carry-forwards anticipated to be available into 2021
- Strong balance sheet & investment grade credit ratings

Attractive Future Growth Prospects

- Disciplined maintenance capital investment program to ensure safety and reliability
- Significant investment in renewable resources (hydro & wind) will provide long-term energy supply pricing stability for the benefit of customers for many years to come
- Further opportunity for energy supply investment to meet significant capacity shortfalls

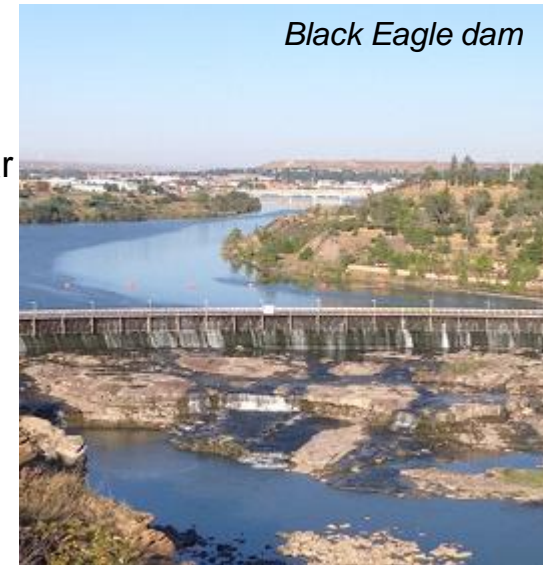
Financial Goals & Metrics

- Target debt to capitalization ratio of 50%-55% with liquidity of \$100 million or greater
- Target 3%-6% EPS growth plus dividend yield to provide competitive total return
- Target dividend payout ratio of 60%-70%

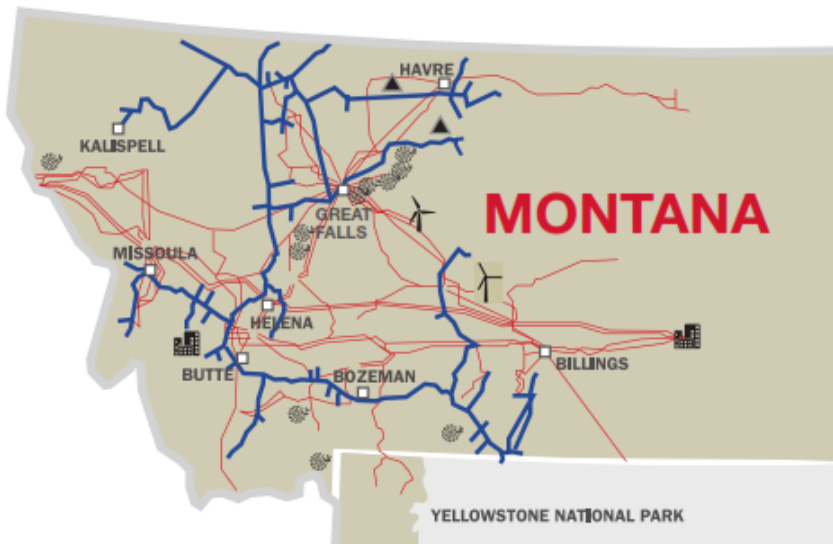
Best Practices Corporate Governance



5th Best Governance Score



About NorthWestern



Montana Operations

Electric

384,700 customers
24,877 miles – transmission & distribution lines
871 MW maximum capacity owned power generation

Natural Gas

203,700 customers
7,057 miles of transmission and distribution pipeline
17.75 Bcf of gas storage capacity
Own 43.1 Bcf of proven natural gas reserves

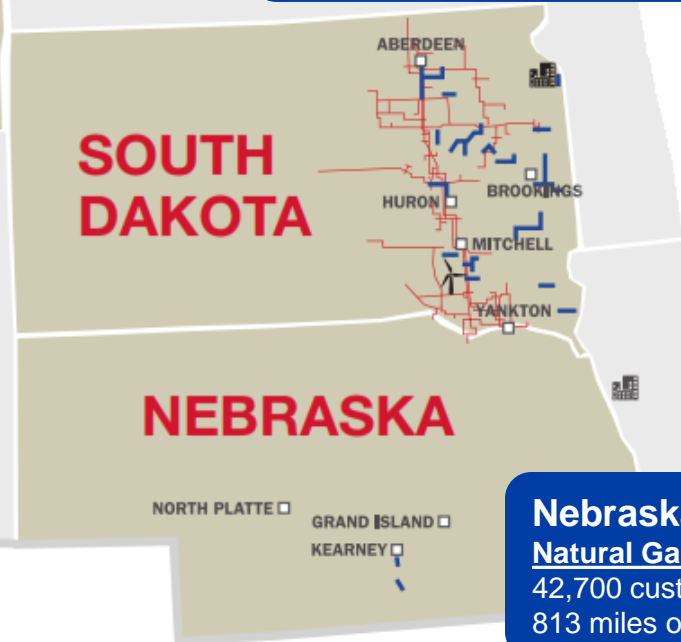
South Dakota Operations

Electric

63,900 customers
3,622 miles – transmission & distribution lines
411 MW nameplate owned power generation

Natural Gas

48,000 customers
1,766 miles of transmission and distribution pipeline



Nebraska Operations

Natural Gas

42,700 customers
813 miles of distribution pipeline

— Electric

⚡ Wind Farm

🏢 Thermal Generating Plants

— Natural Gas

🌿 Hydro Facilities

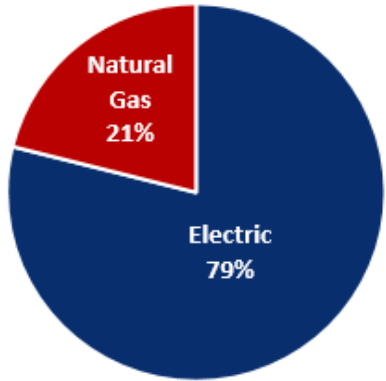
▲ Natural Gas Reserves

■ Peaking Plants

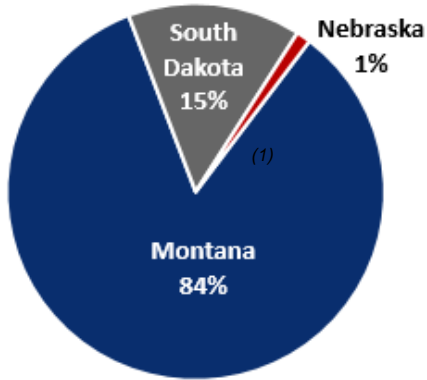


A Diversified Electric and Gas Utility

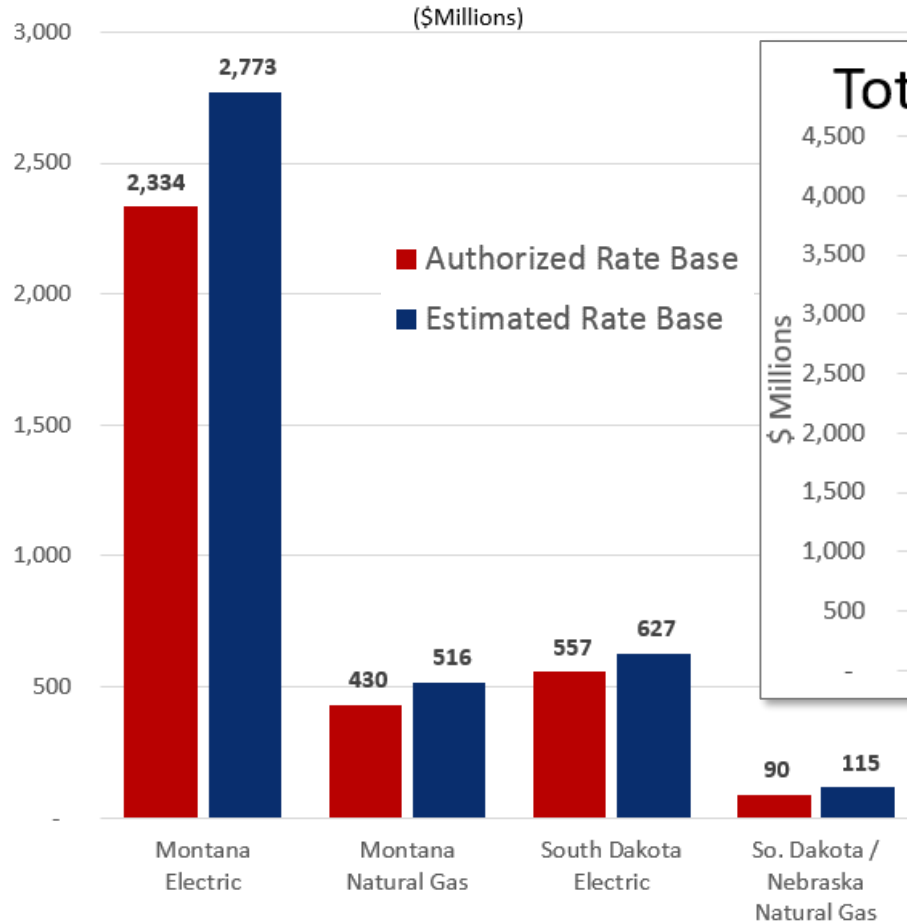
Gross Margin⁽¹⁾



Gross Margin⁽¹⁾



Rate Base by Service Territory



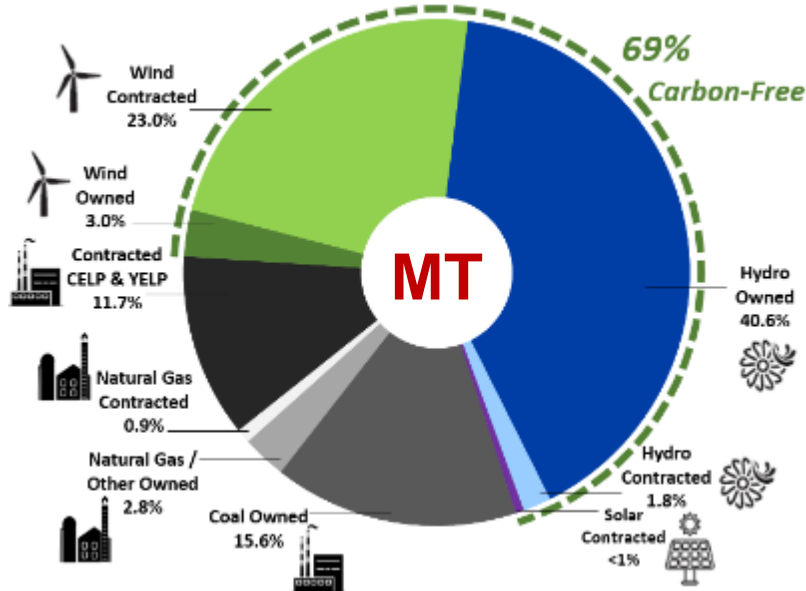
NorthWestern's '80/20' rules:
 Approximately 80% Electric and 80% Montana.
 Over \$4.0 billion of rate base investment to serve our customers

Data as reported in our 2020 10-K

(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure. See appendix for additional disclosure.

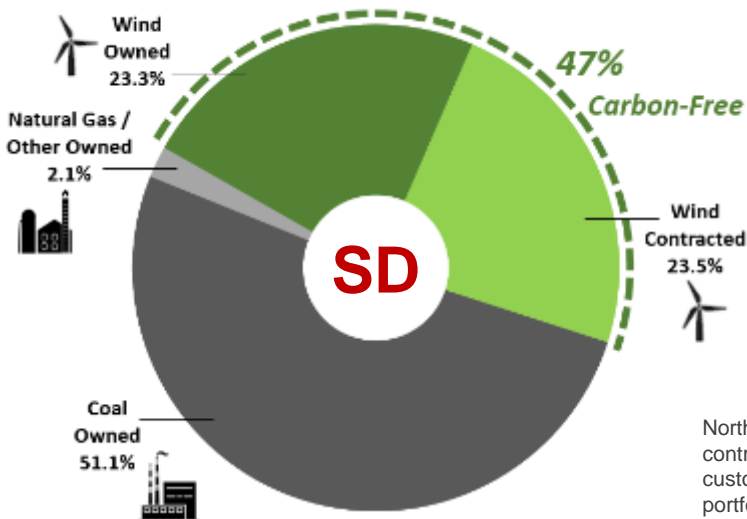
Highly Carbon-Free Supply Portfolio

2020 Electric Generation Portfolio - Montana

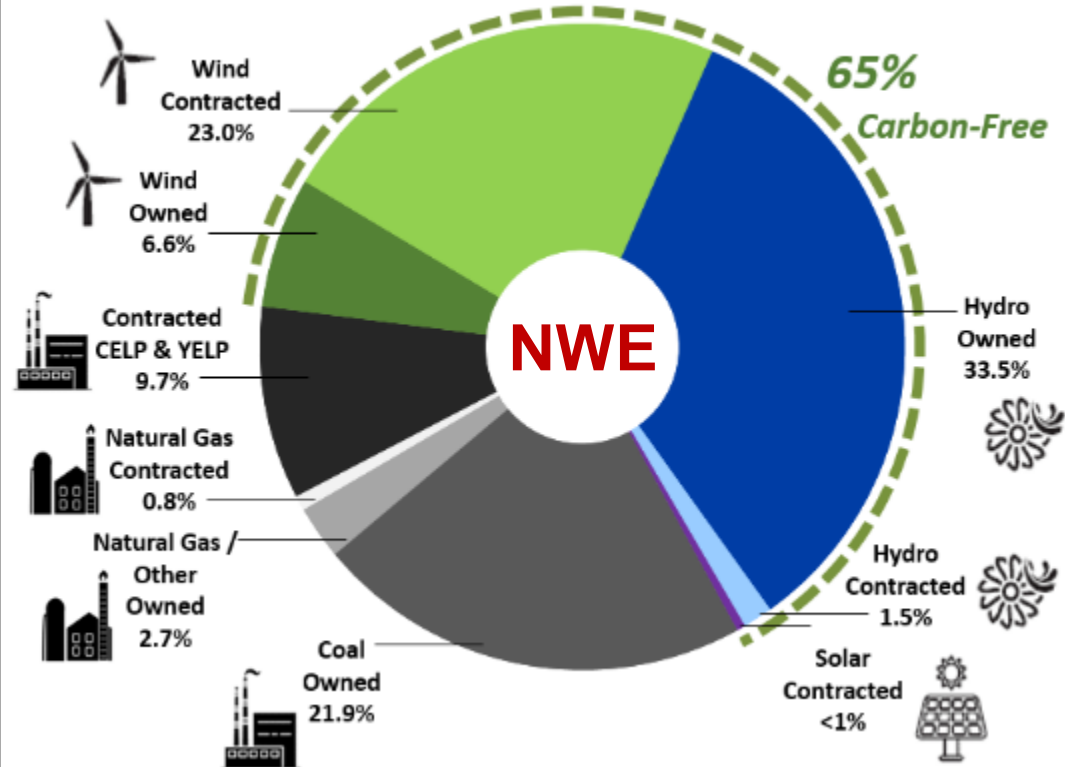


Contracted energy from Colstrip Energy Limited Partners (CELP), Yellowstone Energy Limited Partners (YELP) as well as a majority of the contracted wind, hydro and solar are federally mandated Qualifying Facilities, as defined under the Public Utility Regulatory Policies Act of 1978 (PURPA).

2020 Electric Generation Portfolio - South Dakota



2020 Electric Generation Portfolio - Total NWE



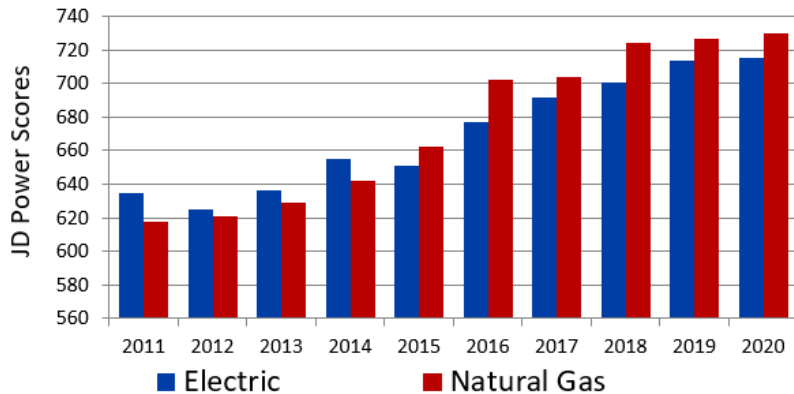
Based upon 2020 MWH's of owned and long-term contracted resources. Approximately 65% of our total company owned and contracted supply is carbon-free.

NorthWestern does not own all the renewable energy certificates (RECs) generated by contracted wind, and periodically sells its own RECs with proceeds benefiting retail customers. Accordingly, we cannot represent that 100% of carbon-free energy in the portfolio was delivered to our customers.

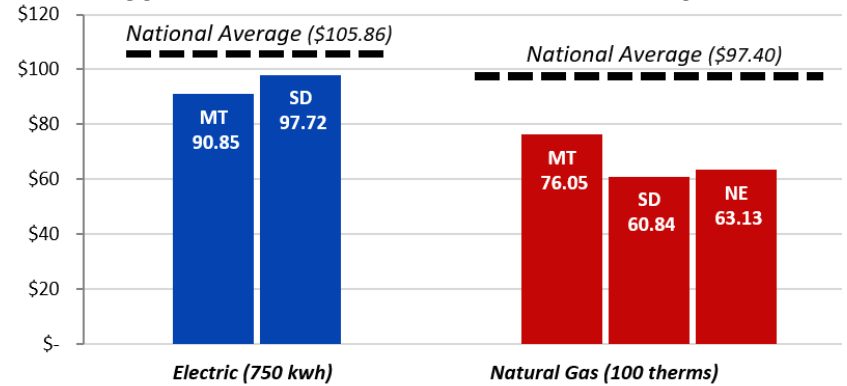


Strong Utility Foundation

NWE's Overall Customer Satisfaction Scores via JD Power Electric & Gas Residential Studies

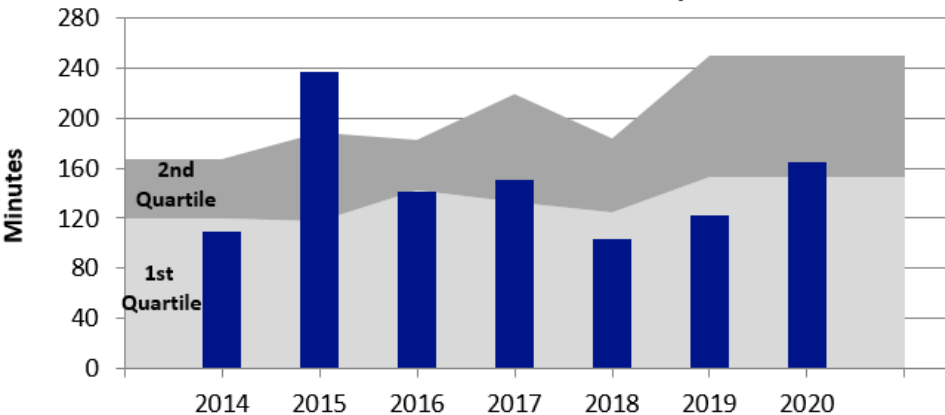


"Typical Bill" Residential Rate Comparison

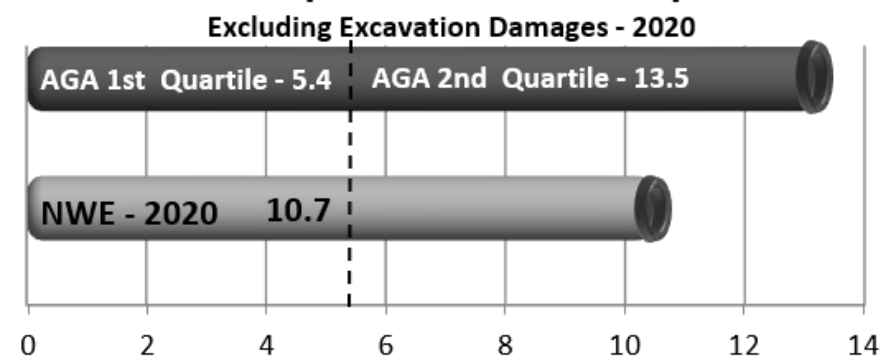


NWE rates as of 1/1/2021
 Electric source: Edison Electric Institute Typical Bills and Average Rates Report, 1/1/21
 Natural Gas source: US EIA - Monthly residential supply and delivery rates as of January 2021

System Average Interruption Duration Index (SAIDI) Includes MED's - NWE versus IEEE Reliability Quartiles



Leaks per 100 Miles of Pipe Excluding Excavation Damages - 2020



- Solid and improving JD Power Overall Customer Satisfaction Scores
- Residential electric and natural gas rates below national average
- Solid electric system reliability
- Low gas leaks per mile – just outside 1st quartile

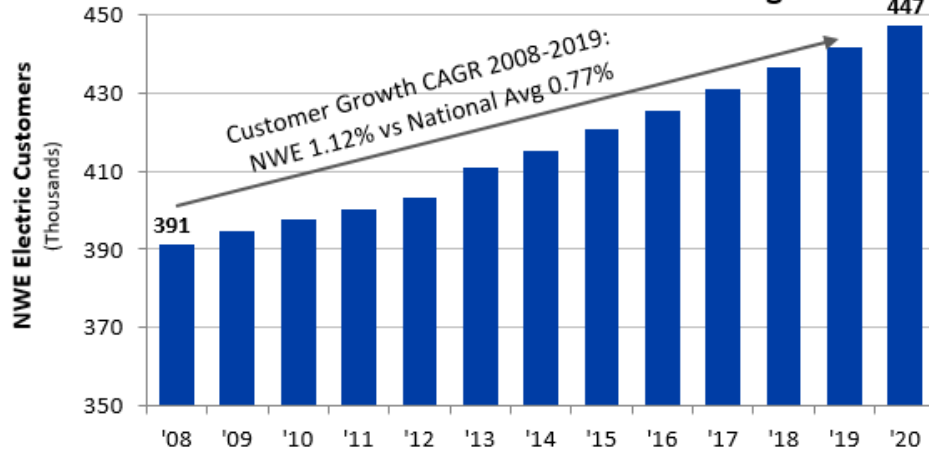




Solid Economic Indicators

Electric

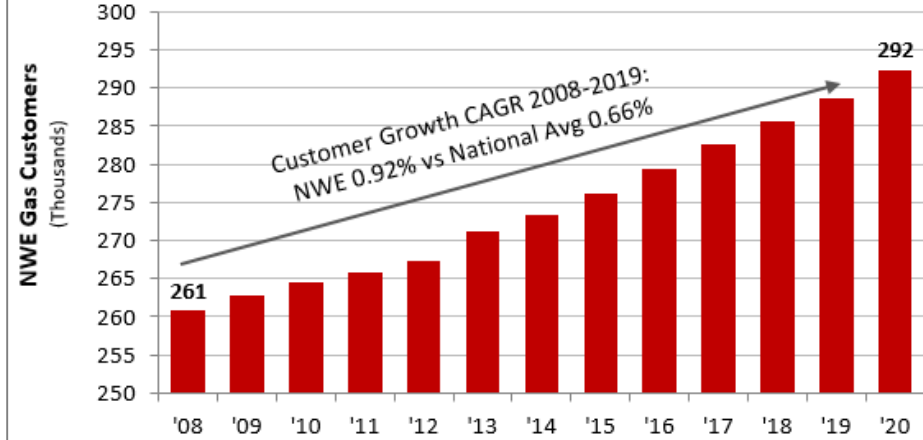
Customers Growth vs National Average



Source: Company 10K's, 2018/2019 EEI Statistical Yearbook – Table 7.1 and EIA.gov

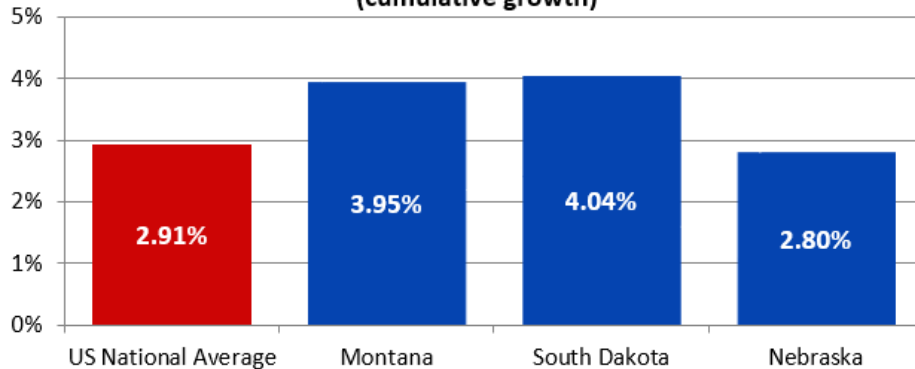
Natural Gas

Customers and Growth vs National Average



Projected Population Growth 2021 - 2026

(cumulative growth)



Source: Claritas via S&P Global Market Intelligence 2-18-21

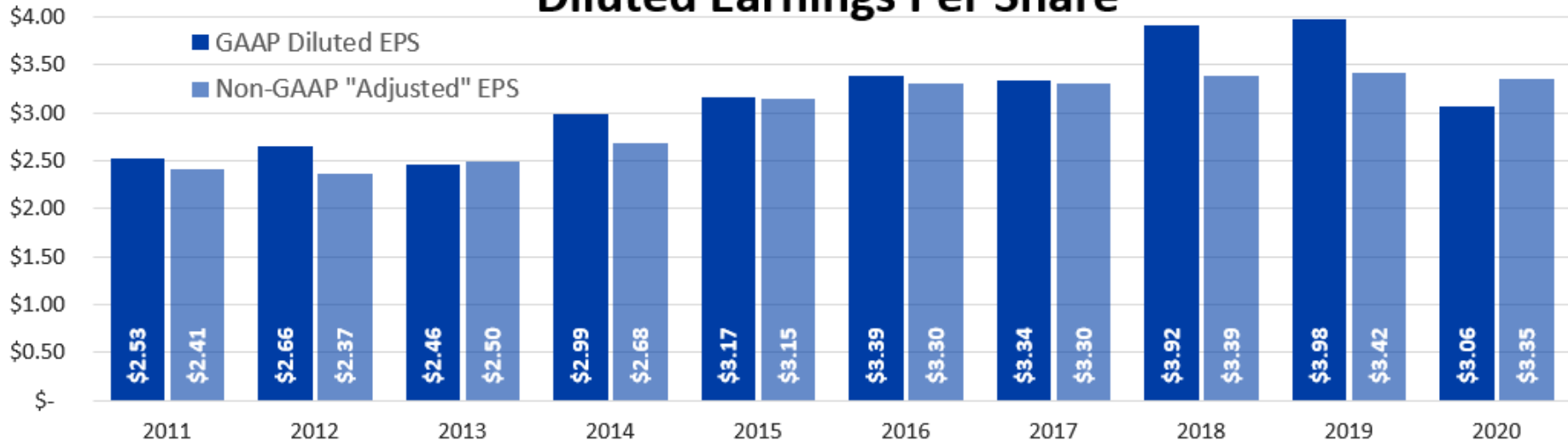


Black Eagle Power House

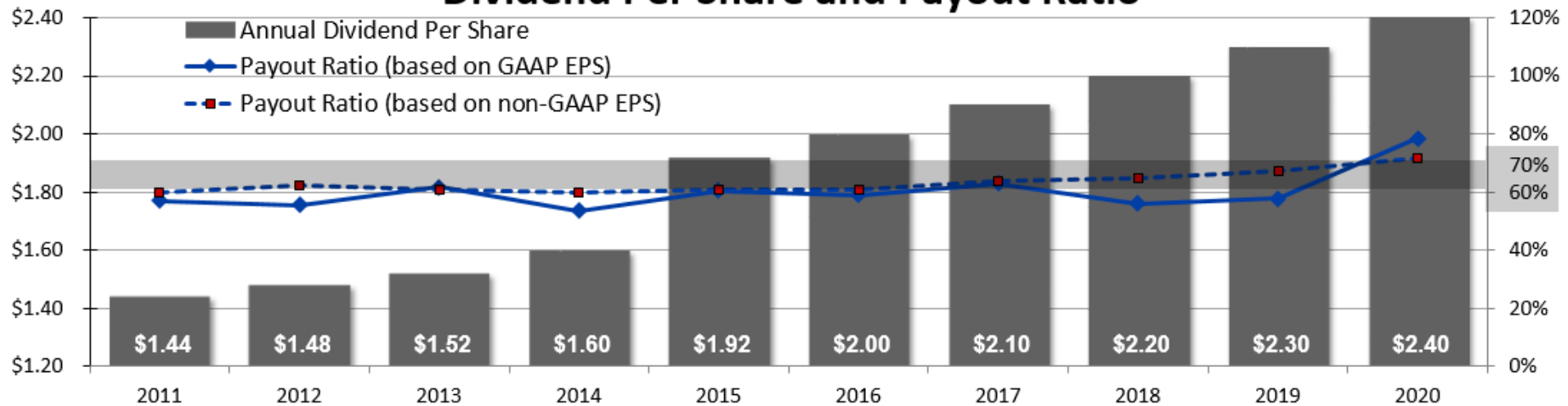
- Customer growth rates historically exceed National Averages.
- Projected population growth in our service territories better than the National Average.

A History of Growth

Diluted Earnings Per Share



Dividend Per Share and Payout Ratio

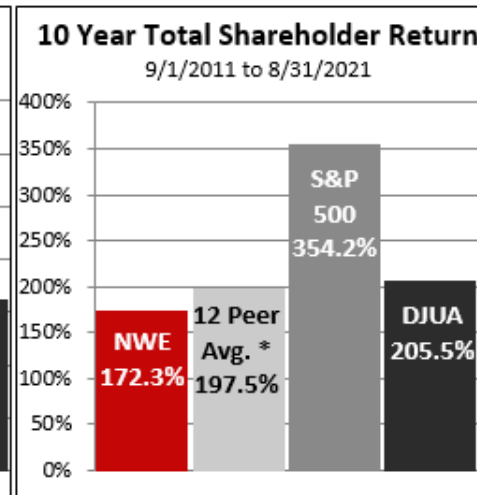
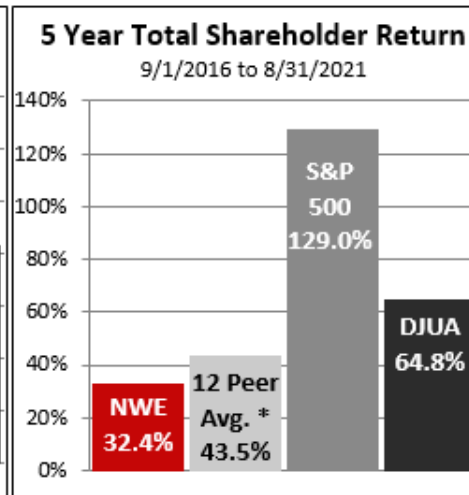
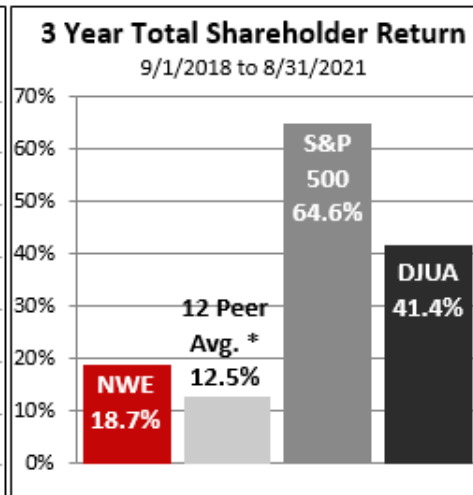
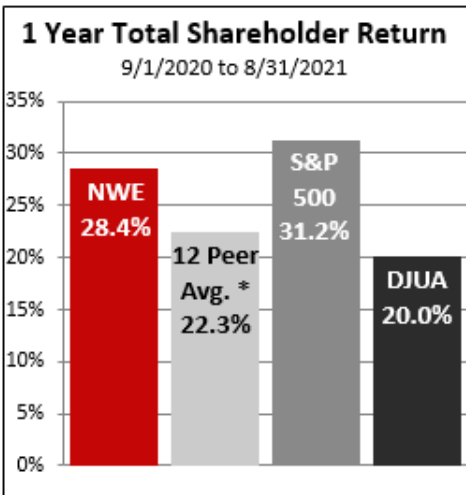
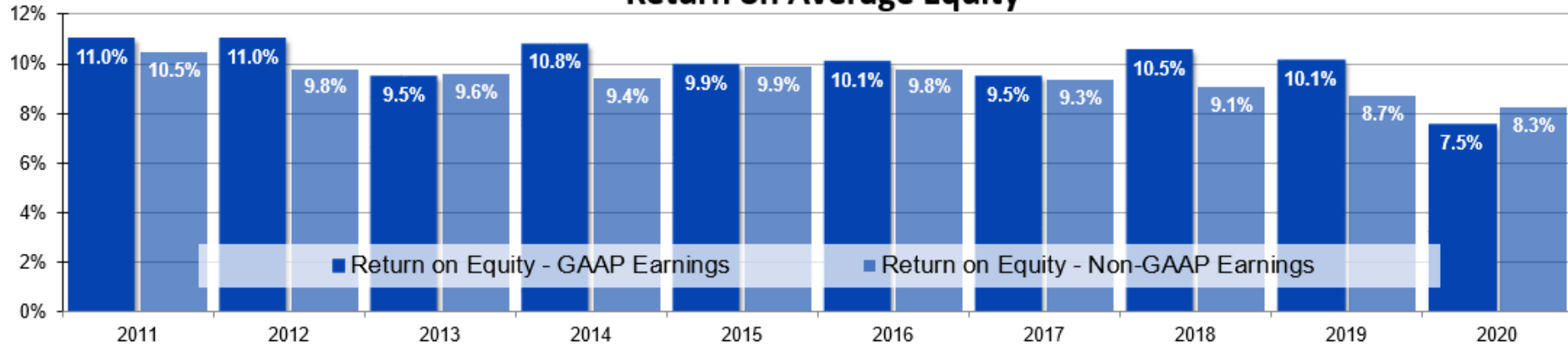


2011-2020 CAGR's: GAAP EPS: 2.1% - Non-GAAP EPS: 3.7% - Dividend: 5.8%

See appendix for "Non-GAAP Financial Measures"

Track Record of Delivering Results

Return on Average Equity



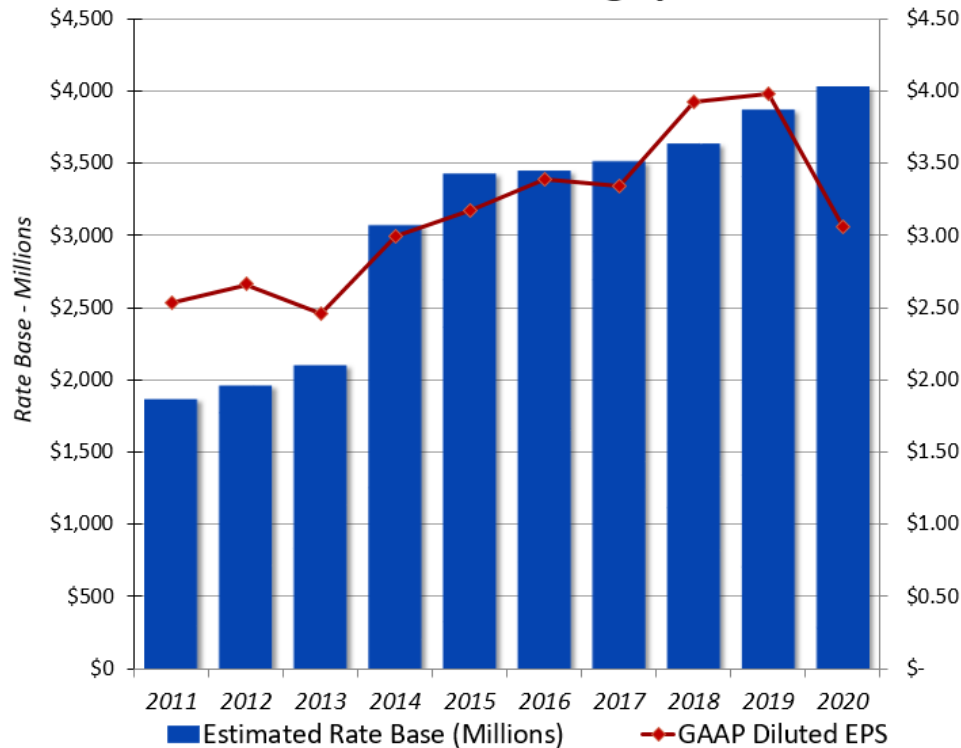
* Peer Group: ALE, AVA, BKH, IDA, MGEE, NWN, OGE, OGS, OTTR, PNM, POR & SR

Return on Equity on Non- GAAP Earnings within 8.3% - 10.5% band over the last 10 years with average of 9.4%. Total Shareholder Return is in line or better than our 12 peer average for the 1 & 3 year periods but lags in the 5 & 10 year periods, due in part to regulatory concerns in Montana during this period.

See appendix for "Non-GAAP Financial Measures"

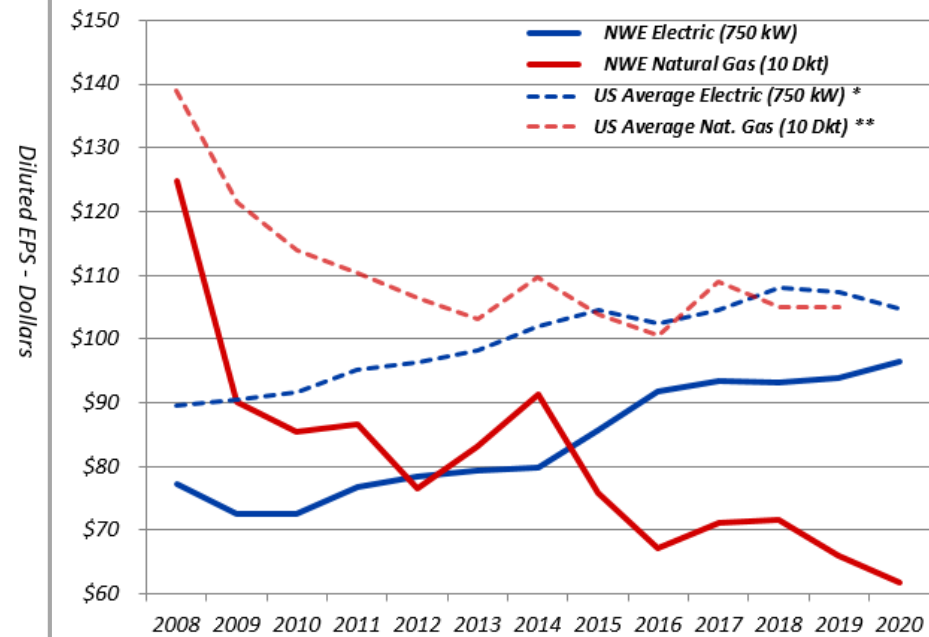
Investment for Our Customers' Benefit

Rate Base and Earnings per Share



Typical Residential Electric and Natural Gas Bill

(average Montana, South Dakota and Nebraska monthly residential customer bill)



* Electric - EEI Typical Bills and Average Summer and Winter Rates Report (2008-2020)

** Natural Gas - EIA U.S. Price of Natural Gas Delivered to Residential Customers (2008-2019)

Over the past decade we have been reintegrating our Montana energy supply portfolio and making additional investments across our entire service territory to enhance system safety, reliability and capacity.

We have made these enhancements with minimal impact to customers' bills while maintaining bills lower than the US average. As a result we have also been able to deliver solid earnings growth for our investors.

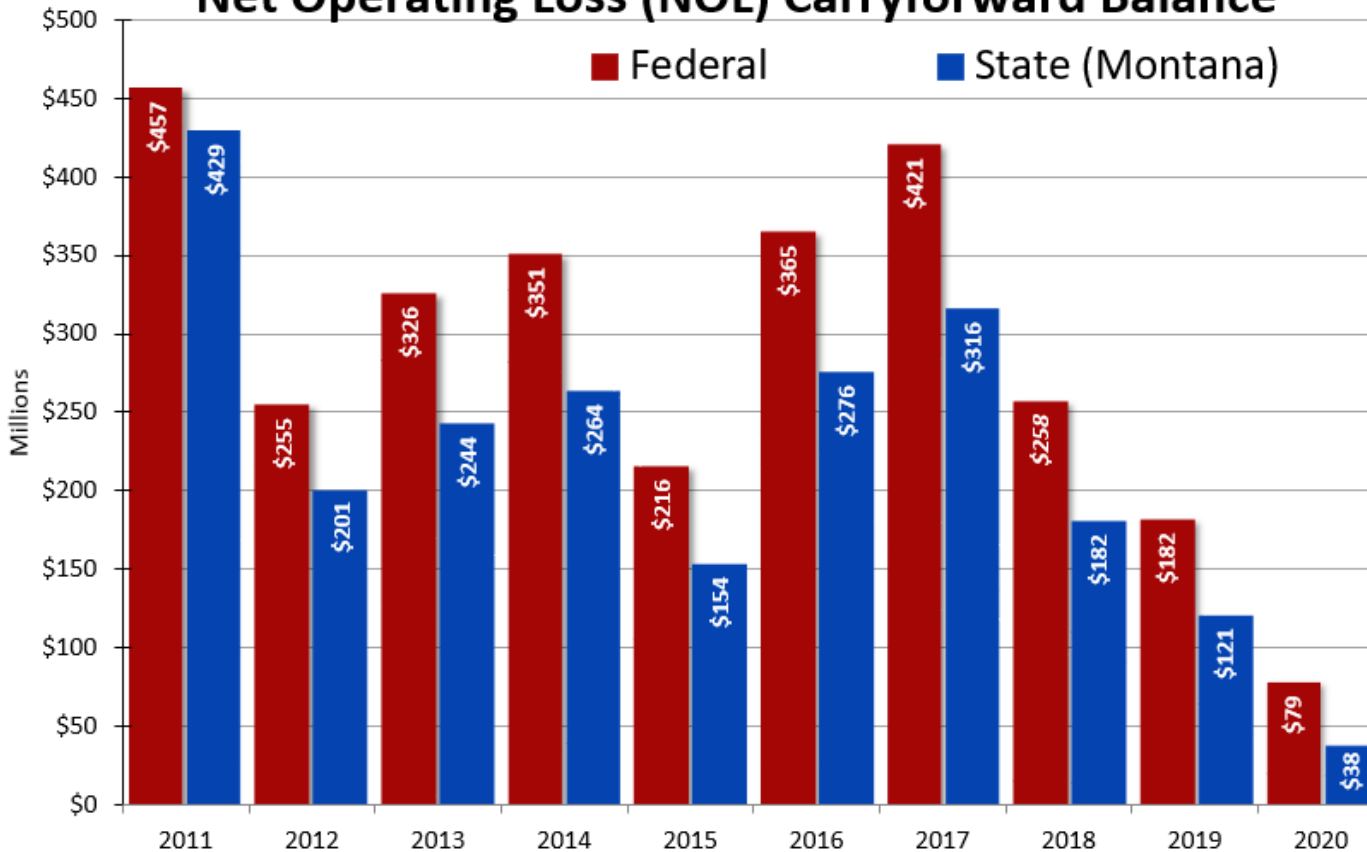
2011-2020 CAGRs
2008-2020 CAGRs
2008-2020 CAGRs

Estimated Rate Base: 8.9%
 NWE typical electric bill: 1.9%
 US average electric bill: 1.3%*

GAAP Diluted EPS: 2.1%
 NWE typical natural gas bill: (5.7%)
 US average natural gas bill: (2.5%)**

Net Operating Losses & Effective Tax Rate

Net Operating Loss (NOL) Carryforward Balance



Cash Taxes:

We anticipate NOLs to be available into 2021 with production tax and other credits to largely offset federal cash tax obligations into 2023.

Effective Tax Rate:

We anticipate the effective tax rate (ETR) for 2021 to be approximately (2.5%) to 2.5% of pre-tax income. Additionally, we anticipate our effective tax rate to reach approximately 10% by 2023.

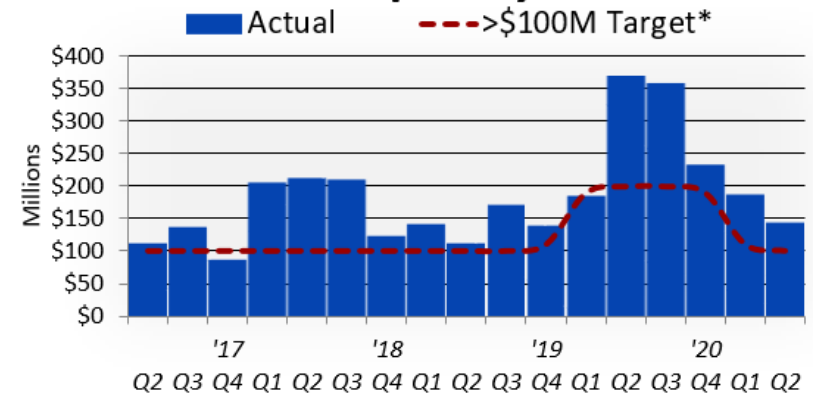
Balance Sheet Strength and Liquidity

Credit Ratings

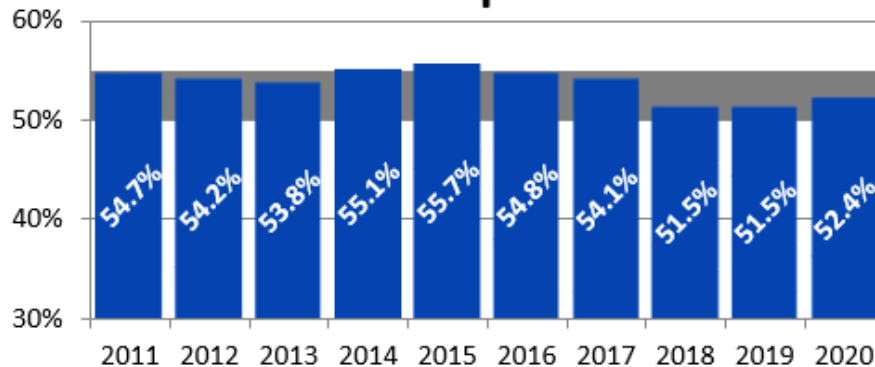
	<u>Fitch</u>	<u>Moody's</u>	<u>S&P</u>
Senior Secured Rating	A	A3	A-
Senior Unsecured Rating	A-	Baa2	BBB
Commerical Paper	F2	Prime-2	A-2
Outlook	Stable	Negative	Stable

A security rating is not a recommendation to buy, sell or hold securities. Such ratings may be subject to revisions or withdrawal at any time by the credit rating agency and each rating should be evaluated independently of any other rating.

Liquidity

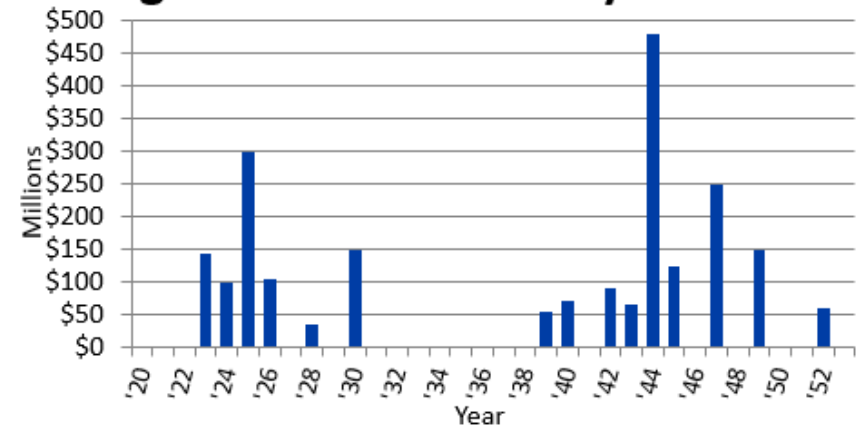


Debt to Capital Ratio



Target: 50% - 55% - Annual ratio based on average of each quarter's debt/cap ratio
Excludes Basin Creek capital lease and New Market Tax Credit Financing

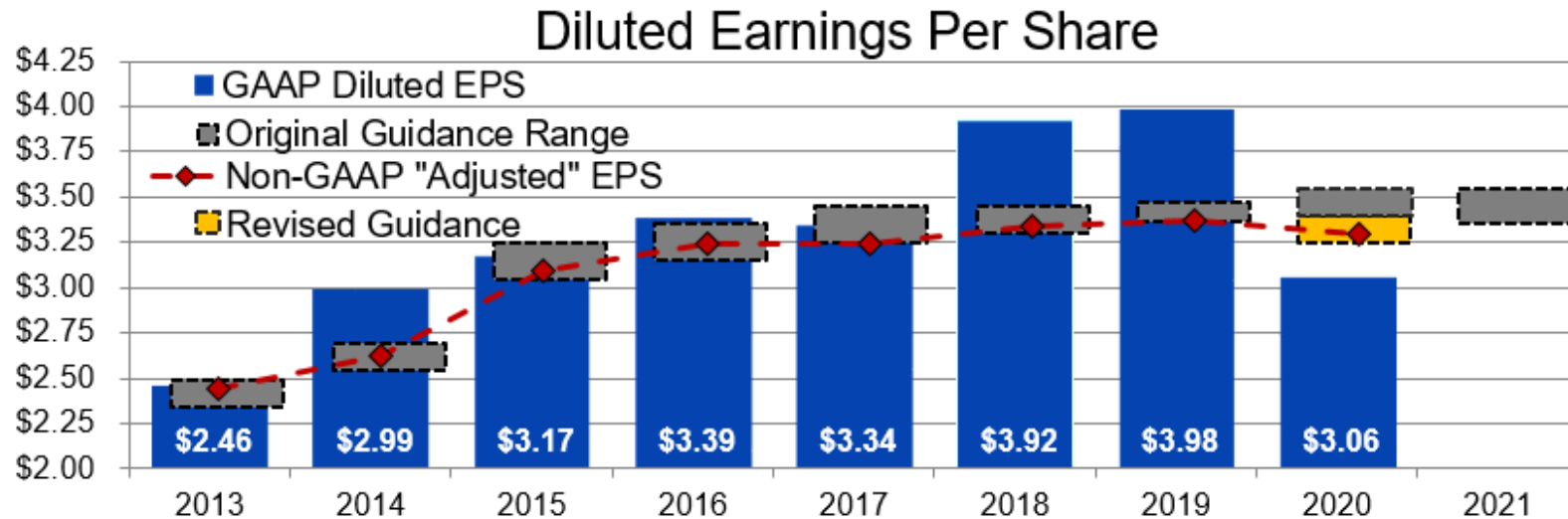
Long-Term Debt Maturity Schedule



Investment grade credit ratings (placed on negative outlook by Moody's on March 12, 2021), liquidity in excess of \$100 million target, debt to cap within our targeted 50%-55% range and no long-term debt maturities until 2023.

*Liquidity target temporarily increased to \$200 million due to uncertain economic conditions brought about by COVID-19.

Earnings Growth



Non-GAAP
Adjusted
EPS Growth
Averaged
4.3% from
2013 - 2020

NorthWestern affirms its previously revised 2021 earnings guidance range of \$3.43 to \$3.58 per diluted share based upon, but not limited to, the following major assumptions and expectations:

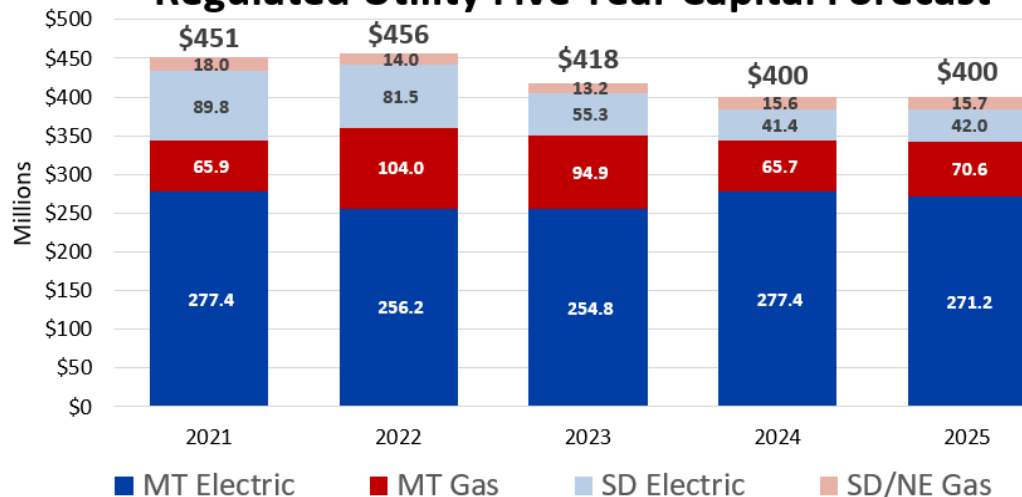
- **COVID-19 related reduction in our commercial and industrial sales volumes, offset in part by an increase in usage by residential customers through the remainder of 2021;**
- **A final order from the MPSC authorizing a delay in the implementation of the Fixed Cost Recovery Mechanism Pilot for another year due to continued COVID-19 related load shifting;**
- Normal weather for the remainder of the year in our electric and natural gas service territories;
- A consolidated income tax rate of approximately (2.5%) to +2.5% of pre-tax income; and
- Diluted shares outstanding of approximately 51.8 million to 52.0 million (previously 51.5 million to 51.8 million).

Continued investment in our system to serve our customers and communities is expected to provide annualized 4% - 5% growth in rate base and a targeted long-term earnings per share growth rate of 3% - 6%. Maintaining our 60% - 70% targeted dividend payout ratio, we anticipate the dividend growth rate to be in line with the EPS growth rate going forward.

Maintaining Capital Investment Forecast

- **\$2.1 billion** of total capital investment over the five year period. We expect to finance this capital with a combination of cash flows from operations, first mortgage bonds and equity issuances.
- **During the second quarter of 2021 we initiated a \$200 million At-the-Market (ATM) offering. We expect to issue the remainder of the \$200 million in 2021 to support our current capital program and maintain and protect our credit ratings.**
- Capital investment in response to our Montana electric supply resource planning would be incremental to these amounts.
- Financing plans are subject to change, depending on capital expenditures, regulatory outcomes, internal cash generation, market conditions and other factors.

Regulated Utility Five Year Capital Forecast



\$ Millions	2021	2022	2023	2024	2025
Electric	\$367	\$338	\$310	\$319	\$313
Natural Gas	\$84	\$118	\$108	\$81	\$87
Total Capital Forecast	\$451	\$456	\$418	\$400	\$400

Based on the results of the competitive solicitation process in South Dakota, approximately \$100 million of incremental investment for SD generation is included in the projections above (2021-2023).

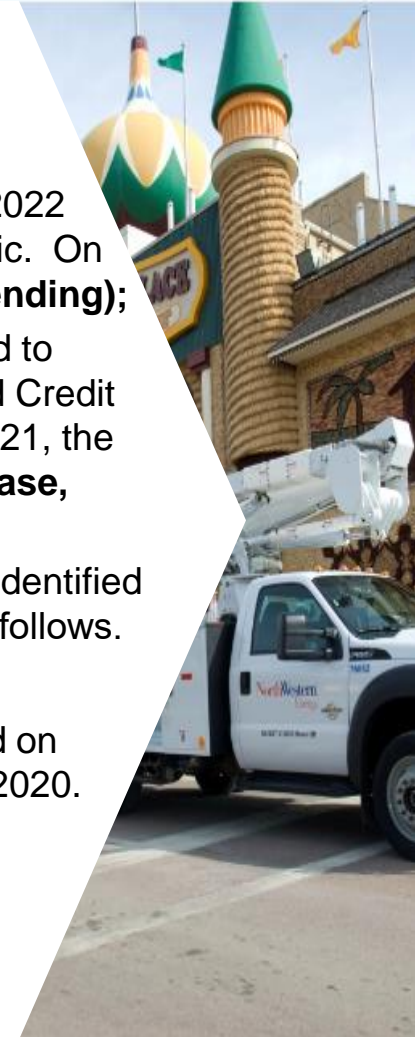
This level of capital investment is anticipated to result in annualized rate base growth of 4%-5%.

The projections do not include the investment necessary to construct the Laurel Generating Station. If approved by the MPSC, this project is expected to add approximately \$250 million (excluding AFUDC) spread primarily over 2022 and 2023.

Looking Forward (Regulatory)

- **We do not expect to make general rate case filings in any of our regulatory jurisdictions during 2021.** We have made several other regulatory filings, primarily in our Montana jurisdiction, including:
 - An April 15, 2021 filing requesting to delay the implementation of our fixed cost recovery mechanism pilot in our Montana jurisdiction for another year until July 2022 or beyond, due to the continued uncertainties created by the COVID-19 pandemic. On June 29, 2021, **the MPSC granted a delay until July 2022 (written order is pending);**
 - An April 21, 2021 filing requesting approval to increase the forecasted costs used to develop rates for the recover of electric power costs through our Power Cost and Credit Adjustment Mechanism (PCCAM) by approximately \$17 million. On June 29, 2021, **the MPSC approved implementing interim rates reflecting the \$17 million increase, subject to refund (written order is pending);** and
 - A May 19, 2021 filing requesting approval to acquire electric capacity resources identified through our January 2020 RFP. See the “Generation Portfolio Update” slide that follows.
- In November 2020 we **reached a settlement on proposed revisions to our FERC transmission rates** with intervenors establishing formula rates. A motion was granted on November 25, 2020 to implement and began charging settlement rates in December 2020. **In March 2021, we submitted a compliance filing with the MPSC adjusting the FERC credit in our retail rates. The MPSC approved the updated revenue credit in May 2021.**

**As of June 30, 2021 we had cumulative deferred revenue for refund of approximately \$6.1 million.*



Generation Portfolio Update

Montana

- A May 19, 2021 filing requesting approval to acquire electric capacity resources identified through our January 2020 RFP, including:
 - Laurel Generation Station - **Construction of 175 MW of flexible reciprocating internal combustion engines (RICE) near Laurel, MT, which we will own.** If we receive MPSC approval to build, the cost to construct this plant is expected to be approximately \$250 million (excluding AFUDC) with **commercial operation in late 2023 / early 2024**;
 - Powerex Transaction – a 5-year **power purchase agreement** for 100 MW of capacity and energy products originating predominately from hydroelectric resources; and
 - esVolta Energy Storage Contract – A 20-year agreement to fill the 5-hour duration tier identified in the January 2020 RFP. This 50 MW facility is to be located near Billings, MT and is expected to be online by October 1, 2023.



On July 26, 2021, the MPSC concluded that the application met the minimum filing requirements and is adequate. This triggers the requirement that the MPSC issue an order within 270 days of receipt of an adequate application. The MPSC can grant itself an additional 90 days if it determines that extraordinary circumstances require it. Assuming approval of the Laurel Generating Station project, the capital investment would be incremental to our current capital and financing projections.

South Dakota

- Construction continues for a **60MW RICE project** in Huron, SD **to be online in late 2021** with total construction costs of approximately \$80 million (~\$40 million invested in 2020).
- An **additional 30-40 MW of flexible generation** in Aberdeen, SD is in the planning stages and expected to be **online in 2023** with a cost of approximately \$60 million.

Transmission System Update

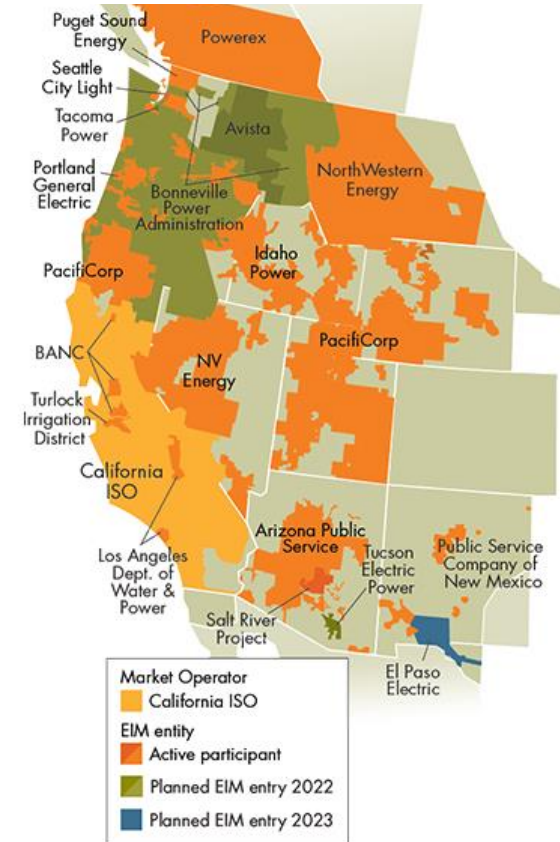
Electric Transmission:

- In June 2021, we joined the Western Energy Imbalance Market (WEIM). This real-time, within-hour energy market will provide the company's Montana customers with economically efficient energy to resolve imbalances and variations in load and generation on our Montana system.
- Continue planned retirements of generating resources in Montana in conjunction with increasing demand is placing more stress on the transmission system (two record peaks in the last three seasons). As a result, we are experiencing less available transmission capacity throughout the system.
- Continued investment is critical to address aging infrastructure, capacity concerns, reliability and compliance requirements.

Gas Transmission:

- Continued investment is critical to address aging infrastructure, capacity concerns, reliability and compliance (including the Pipeline and Hazardous Materials Safety Administration proposed rules).
- Three primary factors leading to the need for additional investment to address:
 - Overall reliability and capacity on the gas transmission system to withstand single large contingencies and to address the decline in on-system gas production;
 - The need to provide additional capacity for existing gas-fired electric generation (given expected growing dependence); and
 - The need to serve new gas-fired capacity generation in South Dakota.

WEIM active & Pending Participants



Significant investment needs identified for transmission reliability, capacity and gas / electric interdependence.

Distribution Grid Update

Accomplishments

- Emergency Management System (EMS)
- Mobile Work Force Management (MWM)
- Advanced Distribution Management System (ADMS)
- SD/NE Advanced Meters Infrastructure (AMI)
- Distribution Operations Center (DOC)
- Smart Switch Program
- Electric Segment I.D.
- Missoula Educational Solar Pilot Project
- Community Solar Pilots Projects in Bozeman, Helena, Missoula and Yellowstone Nat. Park
- Smart Grid Demonstration Project

5 Year Projects

System Efficiencies

- ADMS Enhancements
- Fault Location, Isolation and Service Restoration (FLISR) Implementation
- Distribution Energy Resource (DER) Integration

Operational Efficiencies

- DOC Transitions to Control
- Montana AMI

Customer Experiences

- Customer Portals
- Smart Apps

Actionable Data

- Key Performance Indicators
- Predictive Analytics
- Enterprise Connectivity

Grid of the Future

New Technology

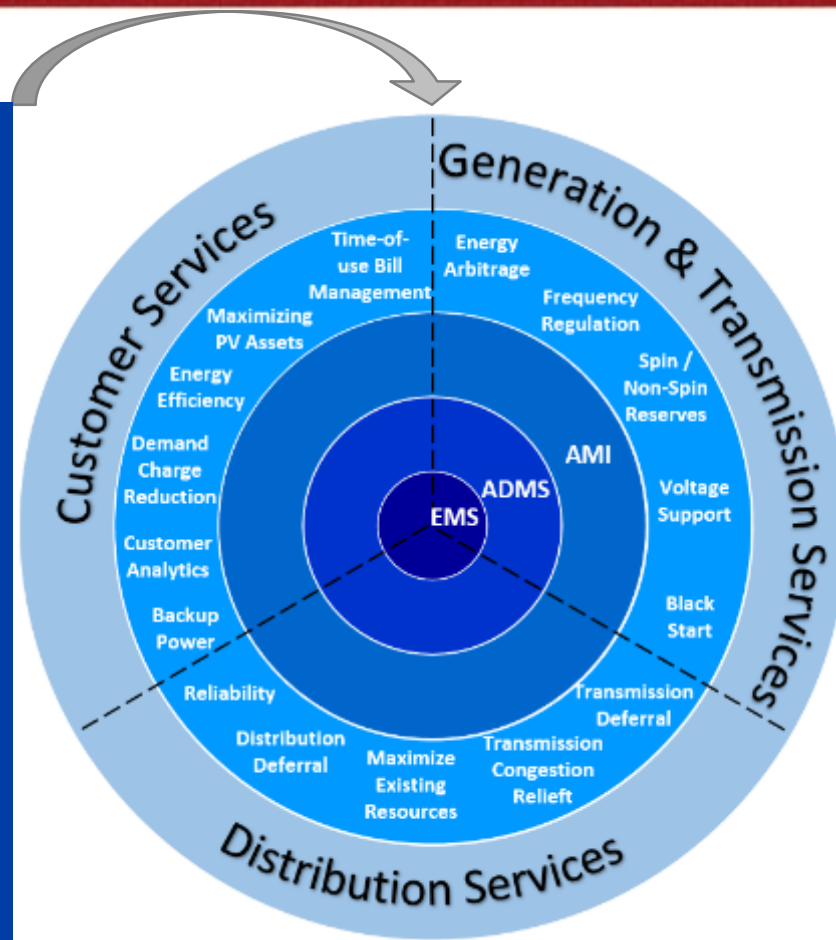
- EV Charging
- Micro Management System (MGMS)
- Advanced DER Integration

Customer Experiences

- Advanced Apps & Controls
- Predictive Analytics (i.e. Customer Bills)
- Home Area Network
- Customized Solutions

Data Sharing

- Multitenant Solutions
- Transactive Controls



VISION:

Turning risks into opportunities by evolving the business and adding new value systems.

February Cold Weather Event

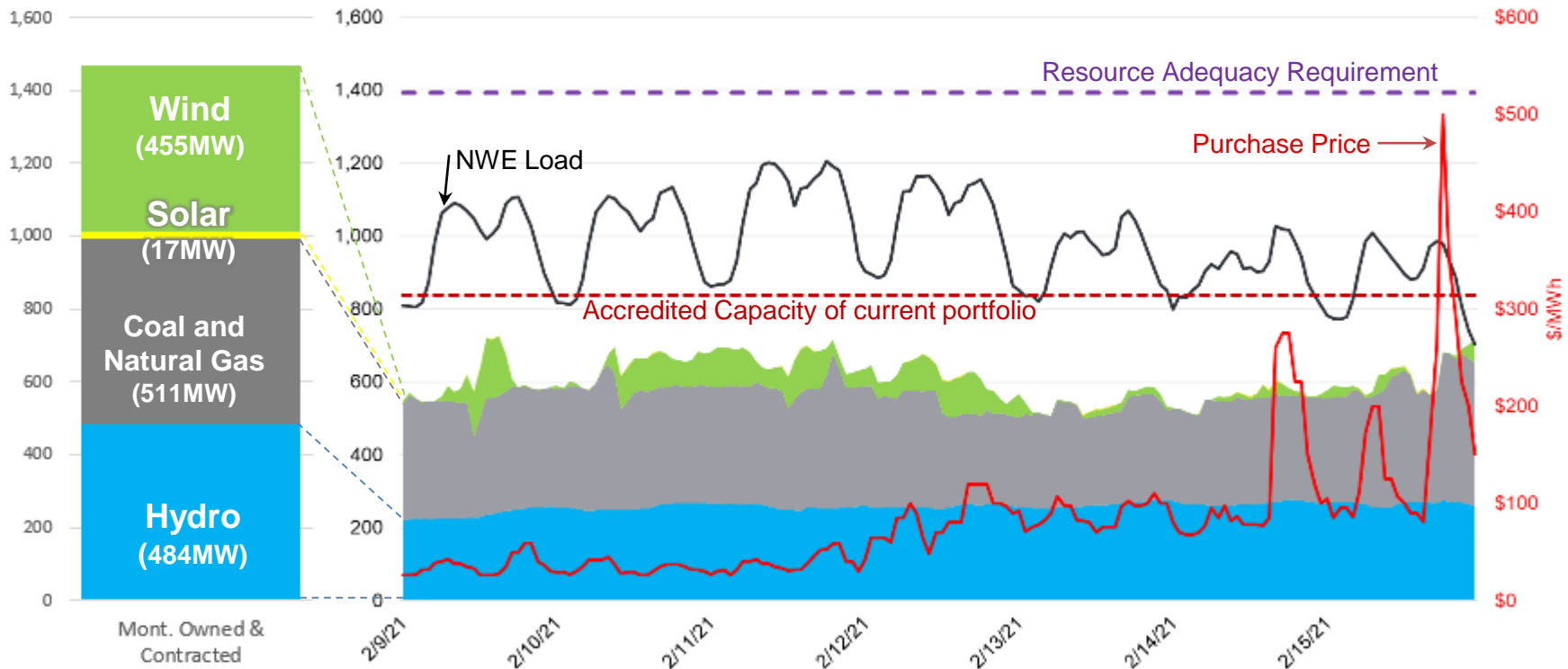
- In February 2021, a prolonged cold spell resulted in record winter peak demand for electricity and natural gas. In our SD & NE service territories, natural gas costs for the month of February 2021 exceeded the total cost for all of 2020.
 - We recorded a regulatory asset of approximately \$26 million for natural gas supply we incurred in Nebraska. Considering customer impacts, we proposed recovery of our costs over a two-year period. The Nebraska Public Service Commission issued an order allowing recovery over a two-year period, effective June 1, 2021
 - We recorded approximate \$17.8 million as a regulatory asset for supply costs incurred in our SD jurisdiction for natural gas supply costs in February. The South Dakota Public Utilities Commission (SDPUC) issued an order allowing recovery over a one-year period, effective March 1, 2021.
 - In Montana, while the impact was still significant, the degree of price excursion was not as significant due to availability of Canadian gas (AECO) from the north. Our combination electric and gas system performed exceptionally well. However, energy imports during this period were critical to maintain services in Montana.
- Each year we submit **filings for recovery of purchased power, natural gas and property tax costs**. The respective state commissions review these tracker filings and make cost recovery determinations based on prudence.



February Cold Weather Event (Montana)

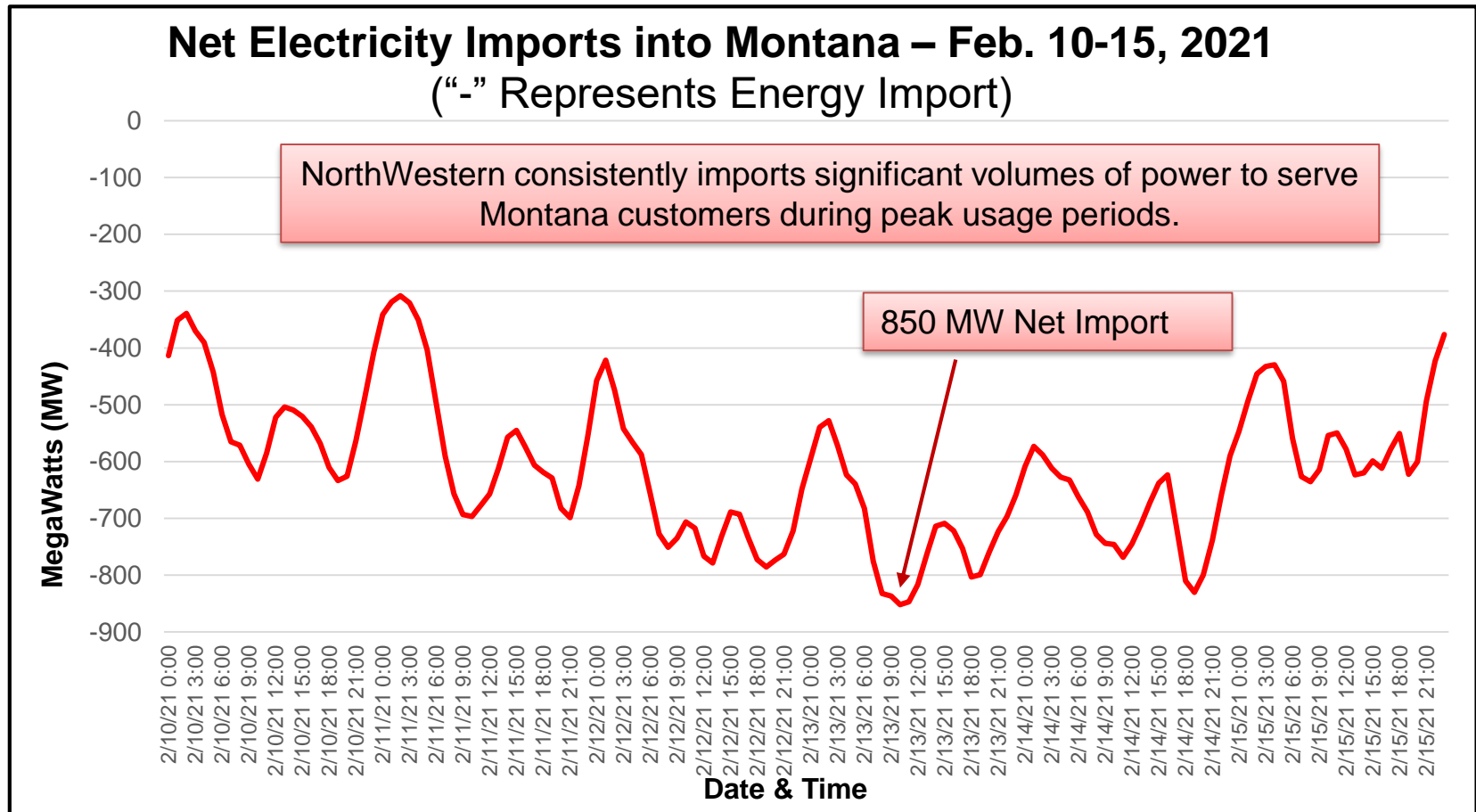
Portfolio Resource
(Megawatts)

Portfolio Resource Production
(Megawatt Hours)



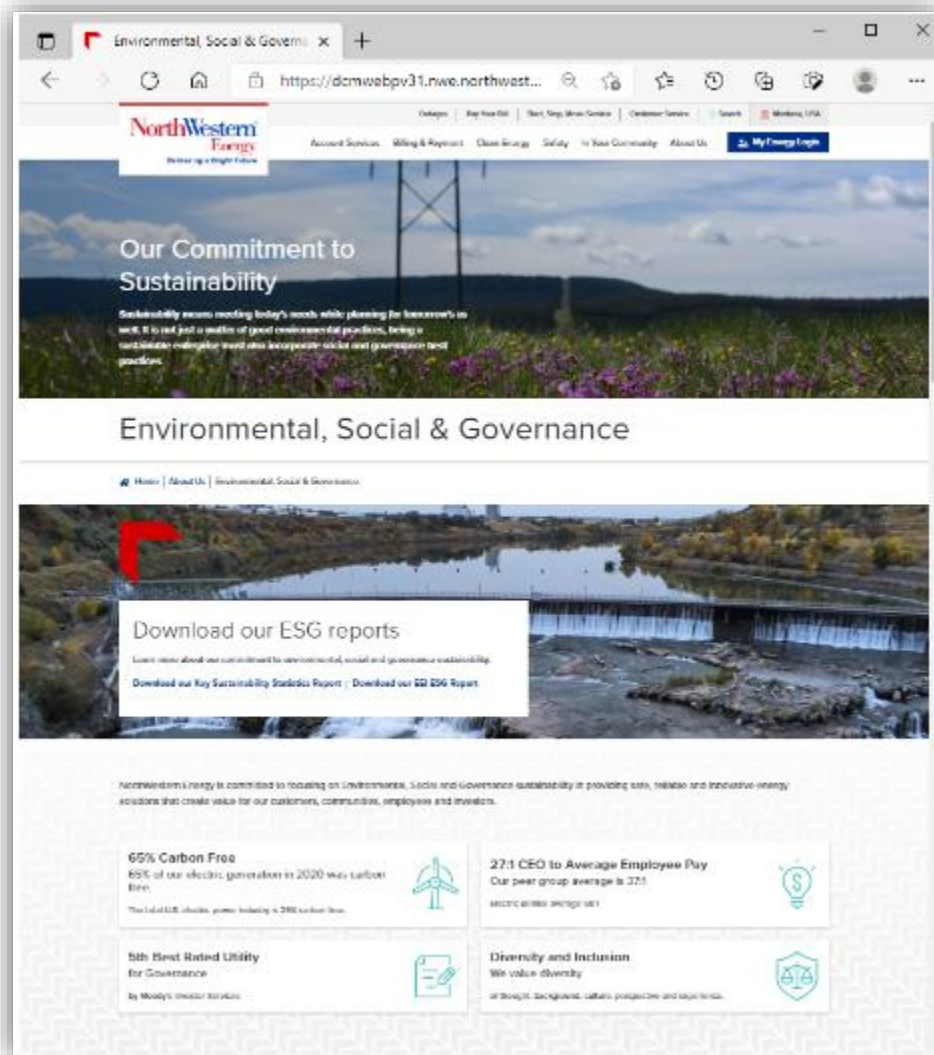
The chart illustrates the actual contribution of energy, by resource, during February's multi-day cold weather event, the capacity deficit, and the market price of power. (Thermal includes *all* thermal resources – 222 MW Colstrip Unit 4, mandatory-purchase Qualifying Facilities, and natural gas.)

Large Electricity Imports Were Critical (Montana)



- Regional events helped avoid outages
 - Colder weather shifted to the east
 - Outages in Oregon meant more power was available to purchase
- Market prices spiked as the event went on
- Transmission system for imports significantly constrained

ESG Advances



NorthWestern recently launched a new website with increased focus on communicating our stewardship and ESG efforts including:

- SASB Framework Report *(new)*
- TCFD Framework Report *(new)*
- AGA ESG Methane reporting template *(new)*
- EEI ESG Carbon reporting template *(updated)*
- Key Sustainability Statistics Report *(updated and expanded)*
 - Comprehensive disclosure of operational and financial ESG statistics covering years 2016-2020.

ESG Publications

Environmental



Environmental Report

<http://www.northwesternenergy.com/environment/our-environment>

Social



BRIGHT magazine

https://www.northwesternenergy.com/docs/default-source/brightmagazine/bright_magazine_vol1_community_final.pdf

Code of Conduct

<http://www.northwesternenergy.com/docs/default-source/documents/corporategovernance/code-of-conduct.pdf>

Community Works Report

<http://www.northwesternenergy.com/community-works/community-works>

Governance



Annual Report

<http://www.northwesternenergy.com/our-company/investor-relations/annual-reports>

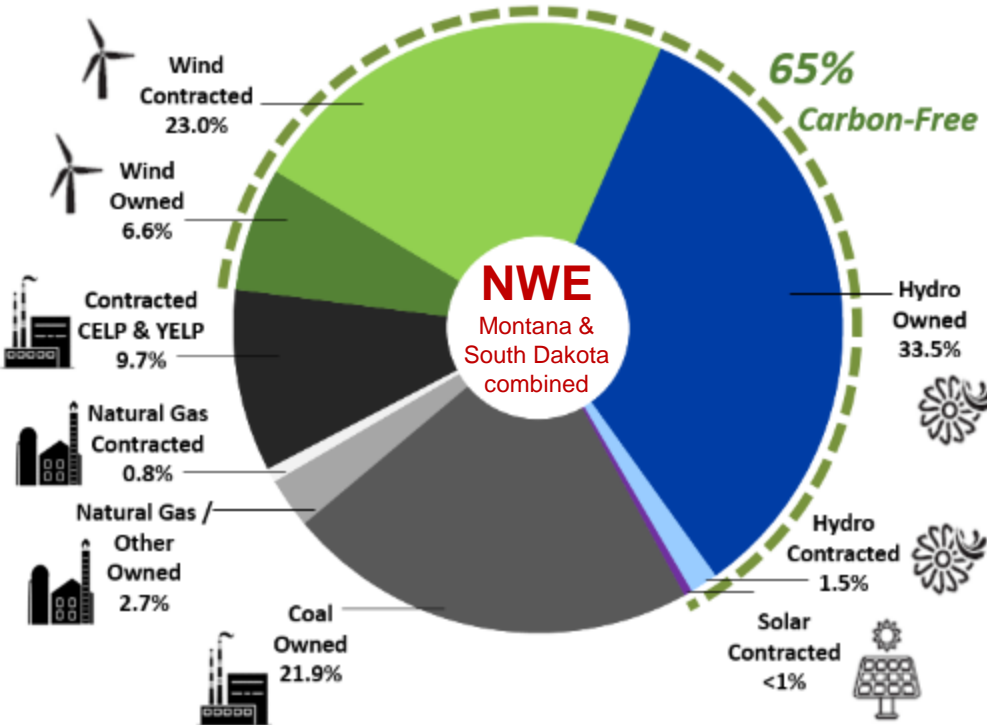
Proxy Statement

<http://www.northwesternenergy.com/our-company/investor-relations/proxy-materials>

These six publications provide valuable insight in NorthWestern Energy's Environmental, Social and Governance (ESG) Sustainability practices.

ESG - Environmental

2020 Electric Generation Portfolio - Total NWE

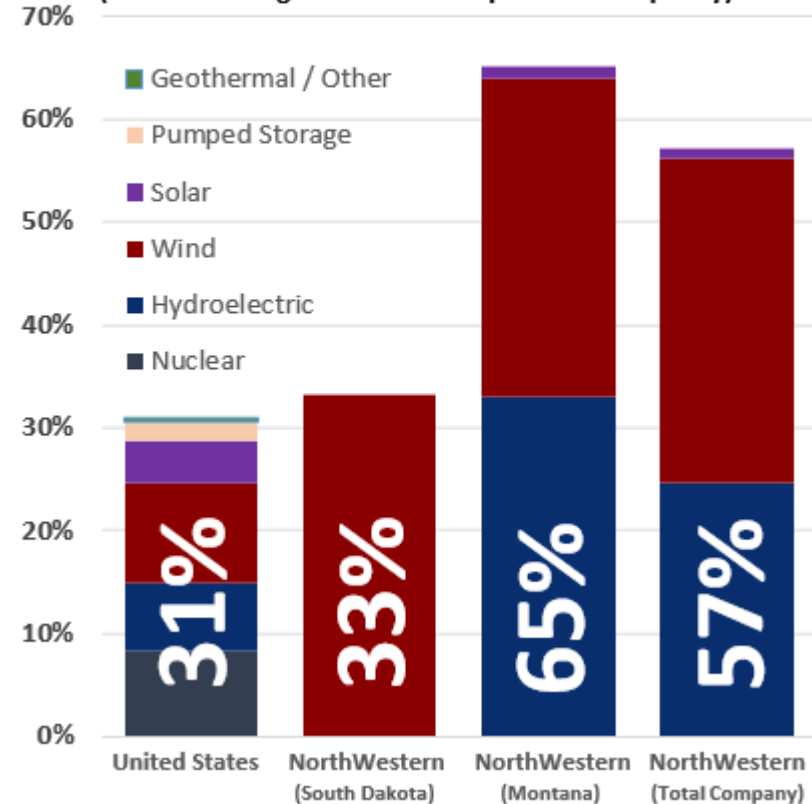


Based upon 2020 MWH's of owned and long-term contracted resources.

65% of NorthWestern Energy's 2020 Electric Generation Portfolio Delivered was Carbon-Free (based on megawatt hours)



2020 Carbon-Free Owned & Long Term Contracted Nameplate Generation Resources (As a Percentage of Total Nameplate MW Capacity)



57% Carbon Free Nameplate Portfolio VS 31% National Average in 2020 (based nameplate megawatts via U.S. Energy Information Administration – form EIA-860)

Community

\$2.3 Billion Economic Output in 2020 (\$2.013B in Montana & \$249M in SD/NE) 

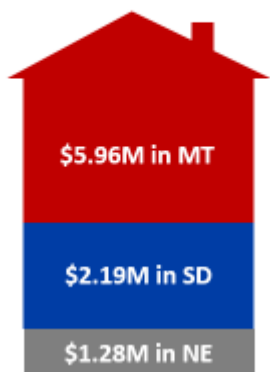
Over \$5 million Donations, Sponsorships, Economic Development, Scholarship Funding, Public Recreation Support, Safety Awareness and Volunteer Program Grants in 2020

411 Number of nonprofits that received grants through Employee Volunteer Program

\$9.4 Million Low-Income Energy Assistance in 2020

Low-Income Assistance

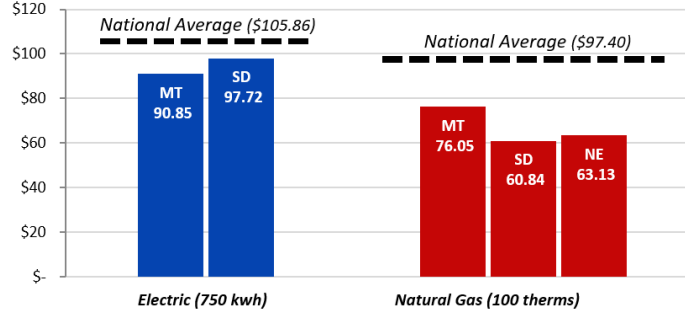
We work closely with the federal Low Income Energy Assistance programs to provide critical short-term aid to our community's most vulnerable citizens



Customers

Typical Residential Bills Lower than National Average

"Typical Bill" Residential Rate Comparison

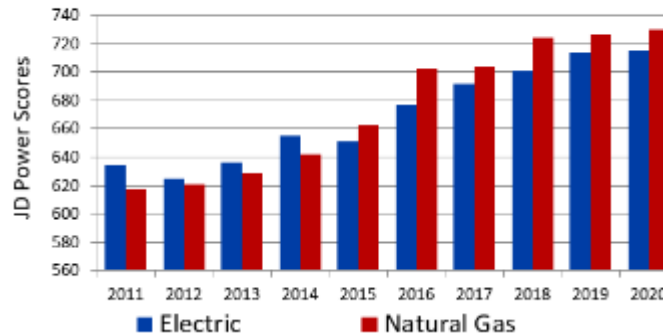


NWE rates as of 1/1/2021
Electric source: Edison Electric Institute Typical Bills and Average Rates Report, 1/1/21
Natural Gas source: US EIA - Monthly residential supply and delivery rates as of January 2021

Building on Our Best – Improved Customer Satisfaction Scores

NWE's Overall Customer Satisfaction Scores

via JD Power Electric & Gas Residential Studies

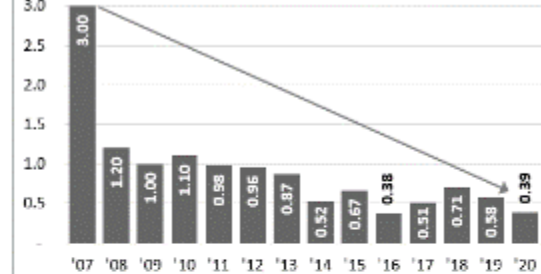


Over the last 13 years, our energy efficiency programs have helped customers save 685,041 MWh's of energy – enough to power 76,000 homes for a year.

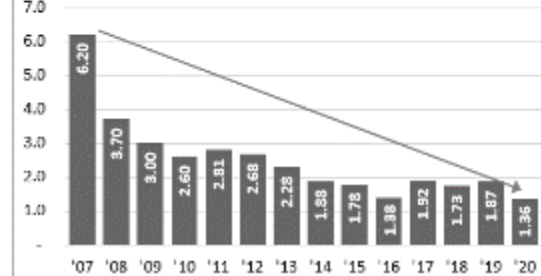
Employees

Safety Culture Transformation

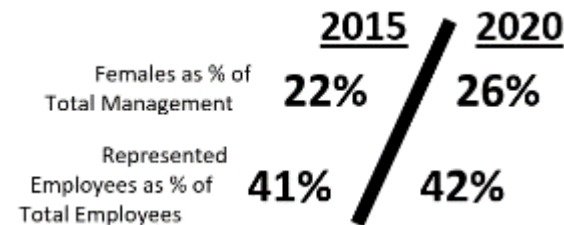
Lost Time Incident Rate



OSHA Recordable Rate



Diverse Employment



ESG - Governance

5th Best Score Among **50** Publicly Traded North American Utility and Power Companies by **Moody's Investment Services** on **Best Governance Practices**

Corporate Governance

What We Do:

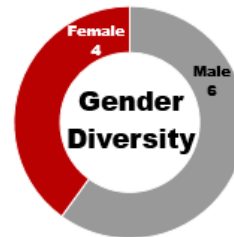
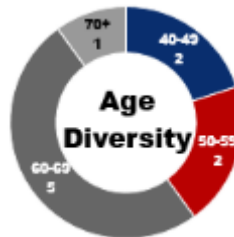
- Annual election of all directors.
- Majority vote plus resignation standard in uncontested elections. If a director receives more "WITHHOLD AUTHORITY" votes than "FOR" votes, the director must submit a resignation for the Board to consider.
- Allow shareholders owning 25 percent of our shares to call a special meeting.
- Independent Board of Directors, except our CEO.
- Independent Board Chair.
- Each of our Board committees (audit, compensation, and governance) is made up solely of independent directors.
- Committee authority to retain independent advisors, which will be paid for by the company.
- Code of Conduct and Ethics. Applies to all employees and Board, with a separate Code of Ethics for Chief Executive Officers and Senior Financial Officers concerning financial reporting and other related matters.
- Robust stock ownership guidelines for executive officers and directors.

What We Don't Do:

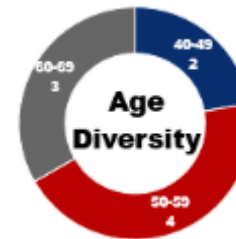
- Poison pill or a shareholder rights plan.
- Hedging of company securities.
- Corporate political contributions.
- Supermajority voting, except to approve certain business combinations or mergers.

Diverse Leadership

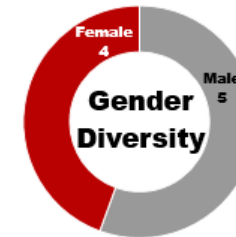
Board of Directors



Executive Team



On exec team



Other Recent Governance Recognition



20 / 20 – Women on Boards

Recognized for gender diversity on its board of directors by 2020 Women on Boards. Three of the company's eight directors are female.



Corporate Governance Award Winner

NorthWestern Corporation's proxy statement has won governance awards – *Best Proxy Statement (Small to Mid-Cap)* by Corporation Secretary magazine (2014 & 2019) and *Exemplary Compensation Discussion and Analysis* from NYSE Governance Services (2014) and NorthWestern was recognized as a finalist by Corporation Secretary magazine in the same category for our '12, '13, '16, '17 & '18 statements



CEO Pay Ratio To Average Employee Salary

NWE
25:1

All Utilities Average
58:1

Peer Group Average
37:1

Our Carbon Reduction Vision for NorthWestern Energy in Montana

1

90% carbon reduction by 2045

NorthWestern Energy commits to reduce the carbon intensity of our electric energy portfolio for Montana 90% by 2045.*

* As compared with our 2010 carbon intensity as a baseline

2

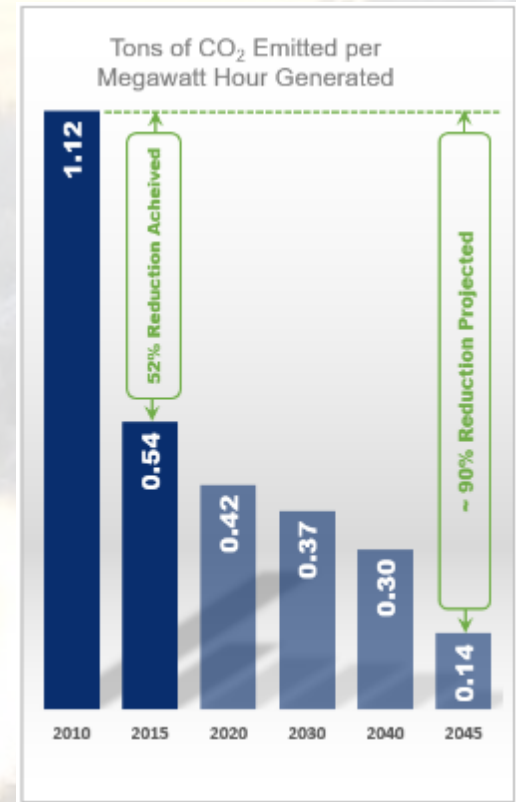
Already over 60% carbon free

Today, NorthWestern Energy serves Montana with an electric portfolio that is over 60% carbon free and more than two times better than the total U.S electric power industry (28% carbon free – 2018 metric). Over the last decade, we have already reduced the carbon intensity of our energy generation in Montana by more than 50%.

3

How we're going to get there

Our vision for the future builds on the progress we have already made. Already, the foundation of our energy generation is our hydro system, which is 100% carbon free and is available 24 hours a day, 365 days a year. Wind generation is a close second and continues to grow. While utility-scale solar energy is not a significant portion of our energy mix today, we expect it to evolve along with advances in energy storage. We are committed to working with our customers and communities to help them achieve their sustainability goals and add new technology on our system.



Conclusion

Pure
Electric &
Gas Utility

Solid Utility
Foundation

Best
Practices
Corporate
Governance

Attractive
Future
Growth
Prospects

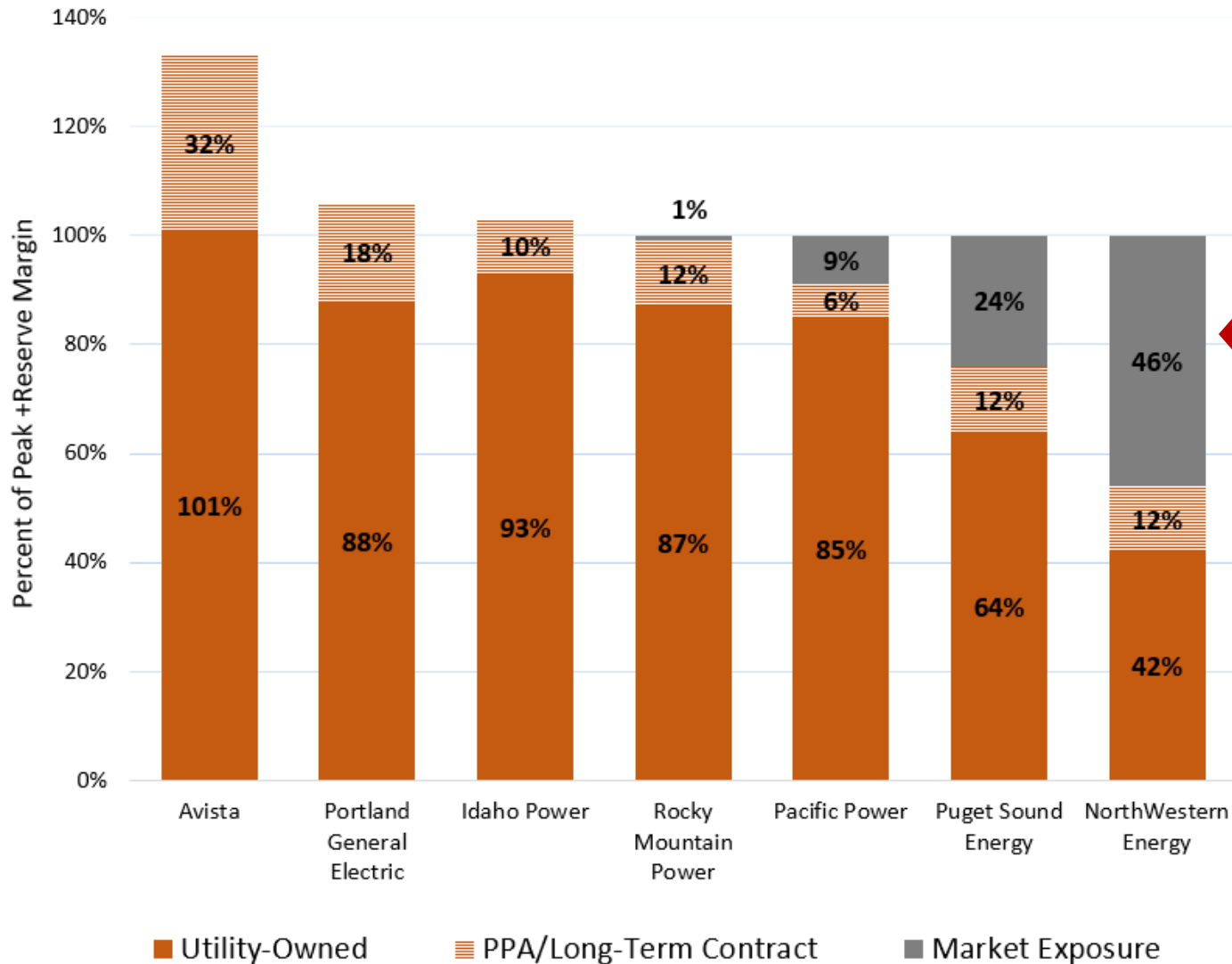
Strong
Earnings &
Cash Flows



Delivering a
bright future

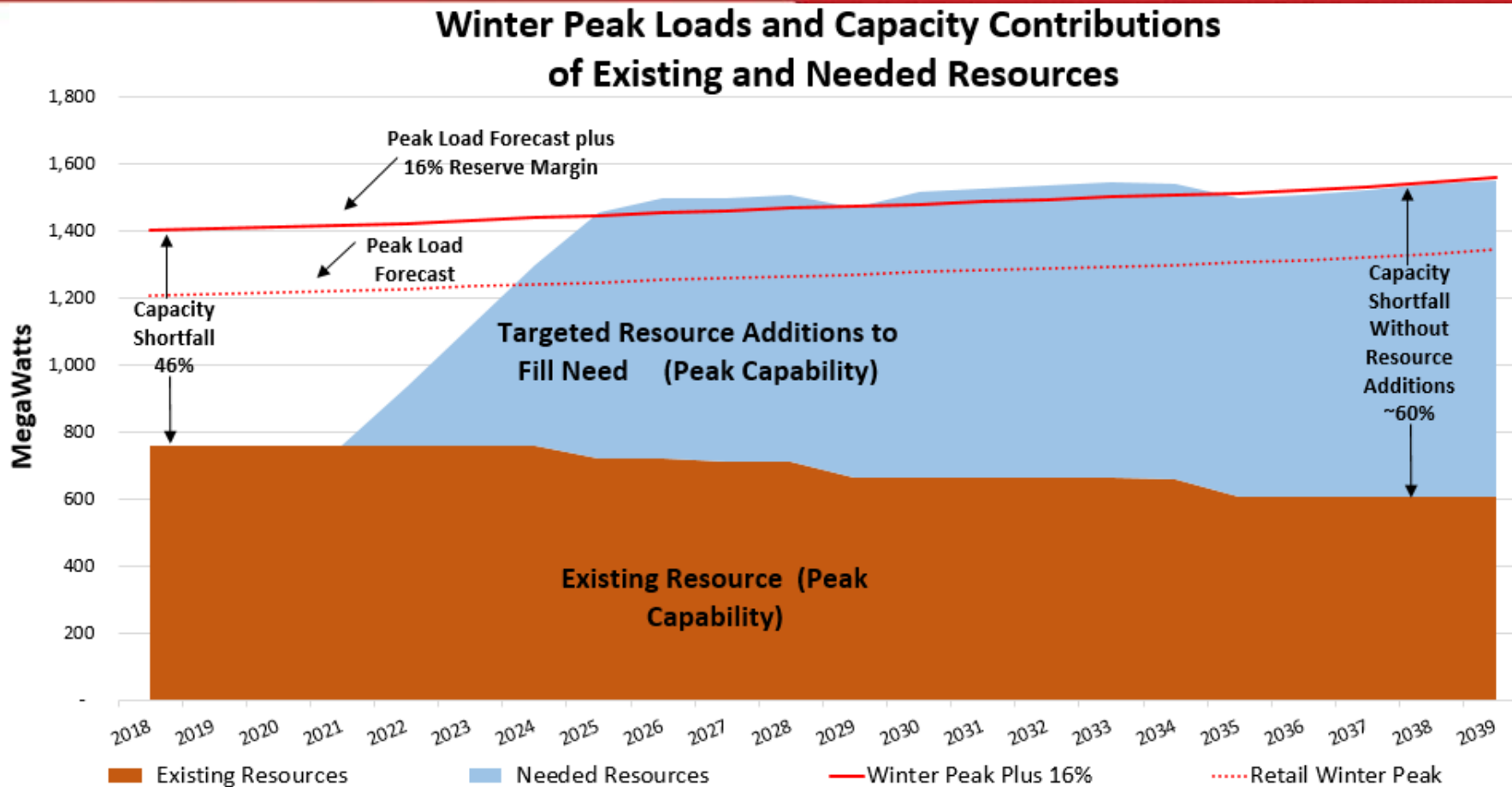
NorthWestern[®]
Energy

NWE Capacity as compared to Regional Peers



NWE's capacity deficit exposes our customers to greater market exposure (price and availability) than any of our regional peers.

Significant Capacity Deficit in Montana

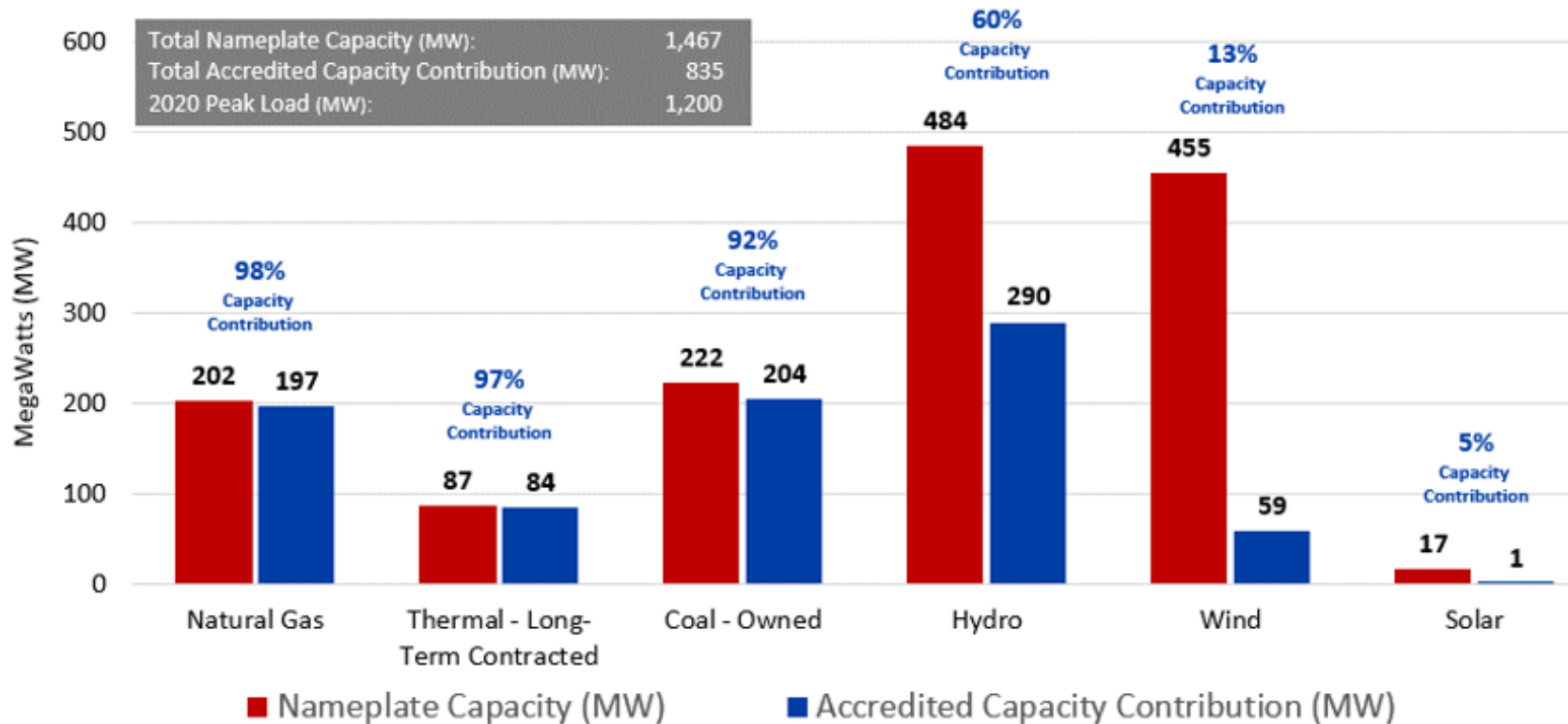


NorthWestern Energy's current resources provide about 755 MW of peaking capacity, which is the energy available during periods of our customers' highest demand. An additional 645 MW of peaking capacity must currently be purchased from the market to meet our needs. Without new capacity, the market exposure will increase to about 725 MW by 2025 (including reserve margins).

This need assumes continued development of cost effective demand side management (conservation) and small distributed generators (net-metering). Meeting peak load with market purchases means being exposed to the market at the worst possible time – when the market is most volatile and prices are high.

Accredited Capacity Contribution in Montana

NorthWestern Energy Montana - Accredited Capacity Contribution of Resources (2020 Resource Mix of Owned and Long-Term Contracted Resources)



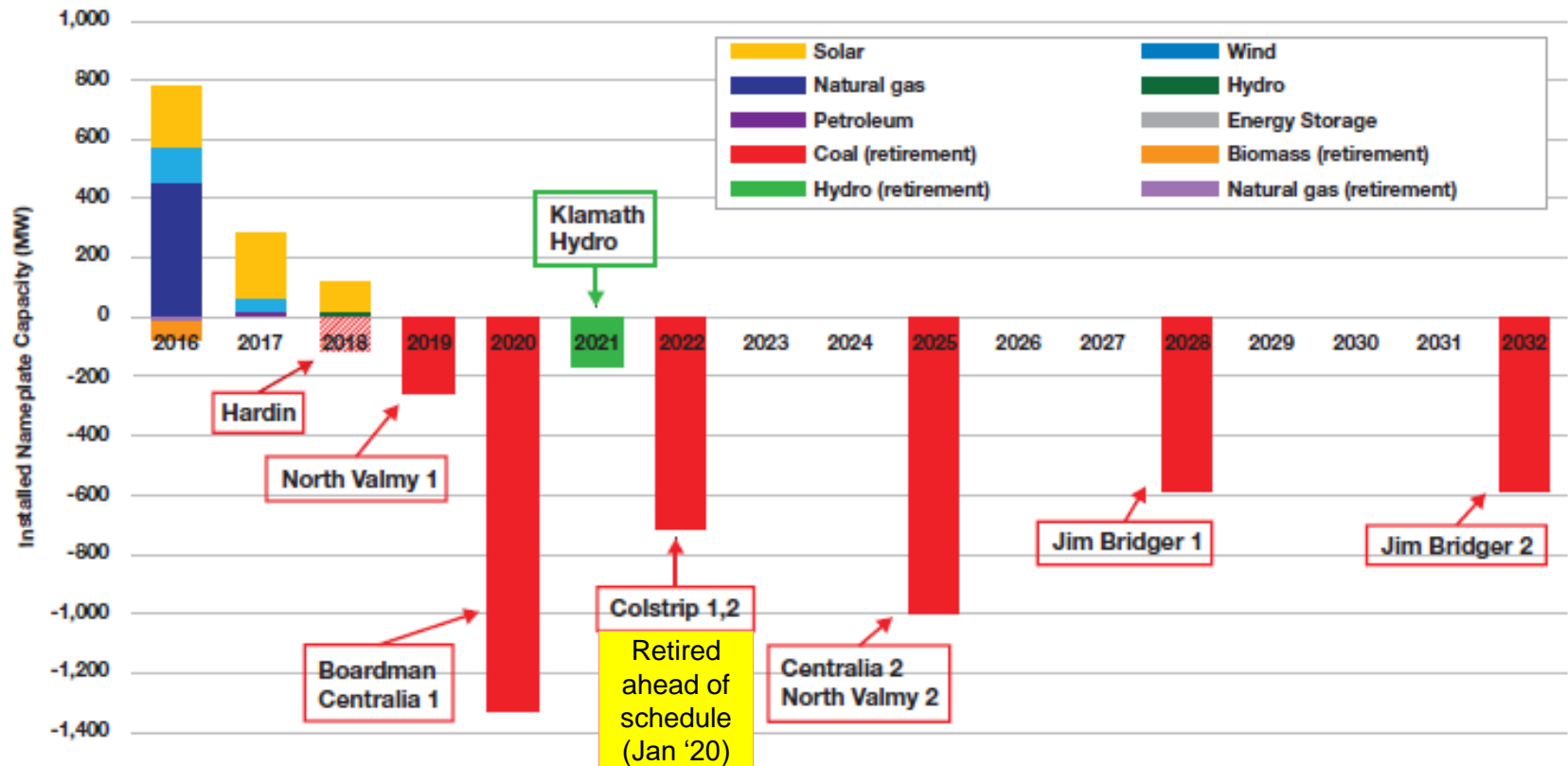
Accredited Capacity Contribution is the ability of each resource fuel-type to contribute to meet demand during peak energy usage by customers.

Accredited Capacity Contribution or Peak Load Contribution is based on Effective Load Carrying Capability (ELCC) E3 Study on Peak Load Measurement included in NorthWestern Energy's 2020 Supplement to the 2019 Montana Electric Supply Resource Procurement Plan.

Note: 2020 Nameplate Capacity MW's include resources that are on-line or in service as of 12/31/2020. Thermal long-term contracted resources of Yellowstone Energy Limited Partnership (YELP) and Colstrip Energy Limited Partnership (CELP) are listed at their contracted capacity rather than nameplate capacity.

On a megawatt basis, wind generation comprises a very significant portion of our electric generation portfolio. However, based upon its 13% accredited capacity, it provides a much less significant contribution to our overall capacity deficit.

Significant Capacity Retirements in the Pacific NW



Source: Northwest Power and Conservation Council. Note: Hardin is idle, but has not been retired.

Planned retirements in the Pacific Northwest region exceed 3,600 MW and the Northwest Power and Conservation Council forecasts regional capacity shortfalls as early as 2021. NorthWestern's continued reliance on the market to purchase energy to fill the gap during peak customer demand will significantly increase price and reliability risk for NorthWestern's customers because of the reduced energy supply availability.

Existing Colstrip Ownership



Colstrip Power Plant

Facility Owner (%)	Unit 1	Unit 2	Unit 3	Unit 4
AVISTA Corporation	-	-	15%	15%
NorthWestern Energy	-	-	-	30%
PacifiCorp	-	-	10%	10%
Portland General	-	-	20%	20%
Puget Sound Energy	50%	-	25%	25%
Talen Energy	-	50%	30%	-
Total	100%	100%	100%	100%

Colstrip Units 1 & 2 were closed in January 2020

Facility Owner (MW)	Unit 1	Unit 2	Unit 3	Unit 4
AVISTA Corporation	-	-	111.0	111.0
NorthWestern Energy	-	-	-	222.0
PacifiCorp	-	-	74.0	74.0
Portland General	-	-	148.0	148.0
Puget Sound Energy	153.5	-	185.0	185.0
Talen Energy	-	153.5	222.0	-
Total	307.0	307.0	740.0	740.0

Colstrip Units 1 & 2 were closed in January 2020



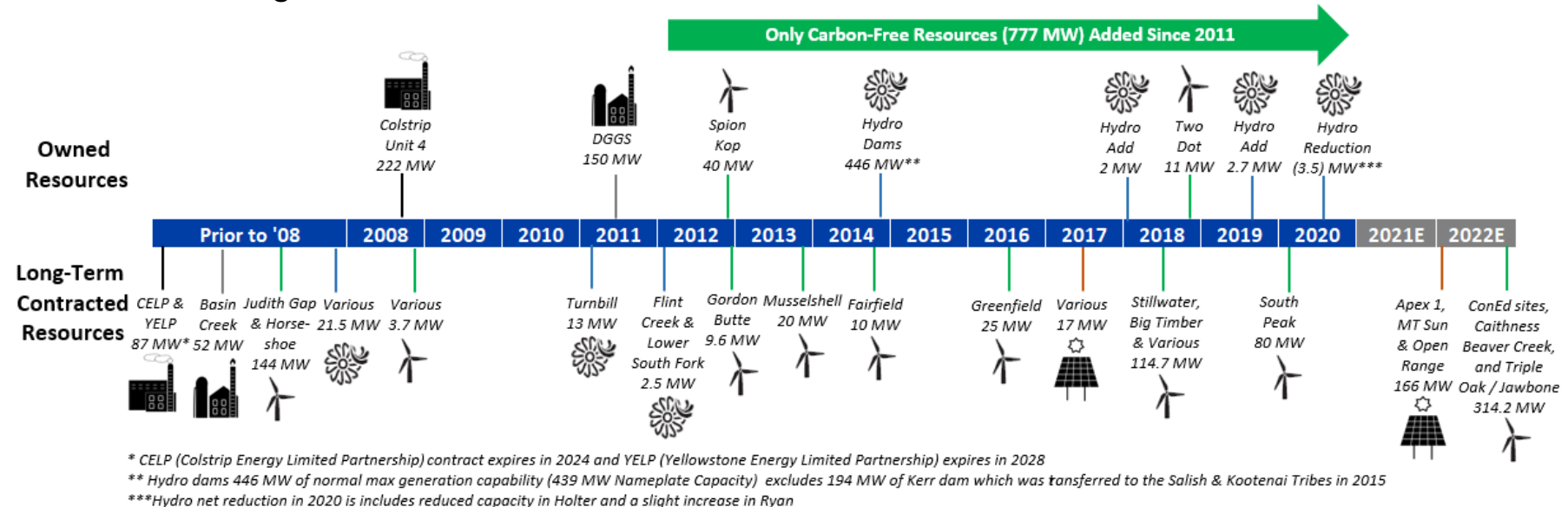
Colstrip Transmission System



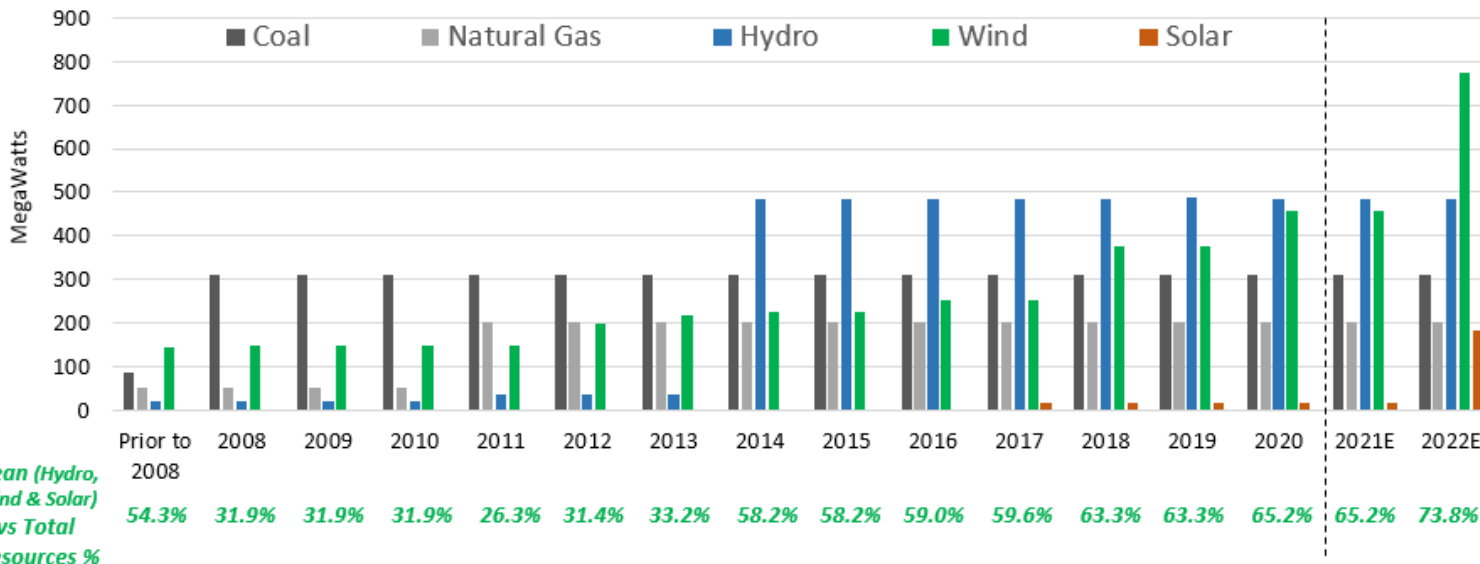
System Owner	Segment A	Segment B
AVISTA Corporation	10.2%	12.1%
NorthWestern Energy	36.4%	24.3%
PacifiCorp	6.8%	8.1%
Portland General	13.6%	16.2%
Puget Sound Energy	33.0%	39.3%

Timeline of Montana Generation Portfolio

Owned and Long-Term Resource Portfolio Timeline



NorthWestern Energy Montana - Cumulative Timeline of Owned and Contracted Electric Resources



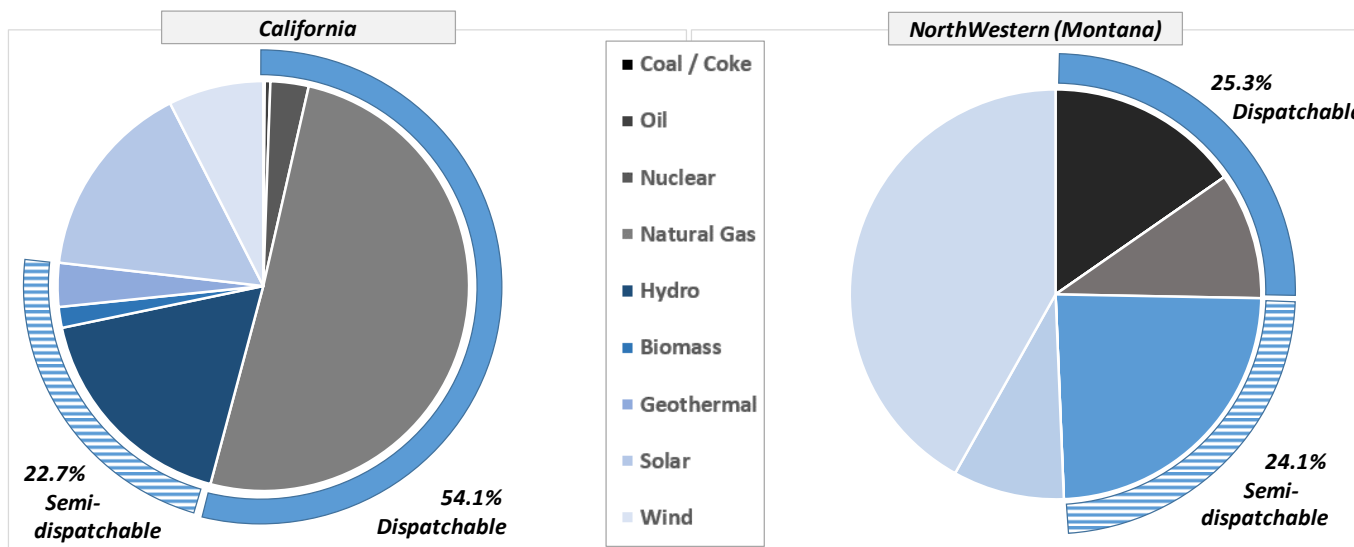
Since 2011, we have added over 775 MW of generation, both owned and long-term contract, to our generation portfolio, all of which is from carbon-free resources.

Comparison of Installed Capacity

Comparison of Installed Capacity (MW) - Dispatchability and Carbon Emitting

	California		
	MW 2019	Percent of Total	Percent Dispatchable Non-Carbon
Coal / Coke	91	0.1%	0.1%
Oil	351	0.4%	0.4%
Nuclear	2,393	3.0%	3.0%
Natural Gas	40,382	50.6%	50.6%
Hydro	14,039	17.6%	17.6%
Biomass	1,308	1.6%	
Geothermal	2,760	3.5%	3.5%
Solar	12,527	15.7%	15.7%
Wind	5,973	7.5%	7.5%
	79,824	100.0%	54.1% 44.2%

	NorthWestern Energy (Montana)			
	MW 2019	QF Adds Proforma 2021	Percent of Total Dispatchable Non-Carbon	
	309	309	15.3% 15.3%	
	0	0	0.0% 0.0%	
	202	202	10.0% 10.0%	
	486	486	24.1% 24.1%	
		0	0.0%	
		0	0.0%	
	17	160	177	8.8% 8.8%
	455	391	846	41.9% 41.9%
	1,469	551	2,020	100.0% 25.3% 74.7%



California is dealing with significant capacity issues **DESPITE** having a greater amount of dispatchable generation and fewer renewables than NorthWestern Energy in Montana (as a percentage of the total).

Summary Financial Results

(Six Months Ended June 30)

(in millions except per share amounts)

	Six Months Ended June 30,			
	2021	2020	Variance	% Variance
Operating Revenues	\$ 699.0	\$ 604.6	\$ 94.4	15.6%
Cost of Sales	212.5	152.3	60.2	39.5%
Gross Margin ⁽¹⁾	486.5	452.3	34.2	7.6%
Operating Expenses				
Operating, general & administrative	158.0	150.7	7.3	4.8%
Property and other taxes	94.8	91.5	3.3	3.6%
Depreciation and depletion	93.8	90.0	3.8	4.2%
Total Operating Expenses	346.6	332.2	14.4	4.3%
Operating Income	140.0	120.1	19.9	16.6%
Interest Expense	(47.0)	(48.6)	1.6	3.3%
Other Income, net	8.6	(1.8)	10.4	577.8%
Income Before Taxes	101.7	69.7	32.0	45.9%
Income Tax Benefit	(1.4)	2.5	(3.9)	(156.0%)
Net Income	\$ 100.3	\$ 72.2	\$ 28.1	38.9%
Effective Tax Rate	1.3%	(3.6%)	5.0%	
Diluted: Average Shares Outstanding	50.9	50.6	0.3	0.6%
Diluted Earnings Per Share	\$ 1.96	\$ 1.43	\$ 0.53	37.1%
Dividends Paid per Common Share	\$ 1.24	\$ 1.20	\$ 0.04	3.3%

(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure. See appendix for additional disclosure.

Gross Margin

(Six Months Ended June 30)

(dollars in millions)

Six Months Ended June 30,

	2021	2020	Variance ⁽¹⁾	
Electric	\$ 382.1	\$ 350.4	\$ 31.7	9.0%
Natural Gas	104.4	101.9	2.5	2.5%
Total Gross Margin	\$ 486.5	\$ 452.3	\$ 34.2	7.6%

Increase in gross margin due to the following factors:

\$11.2	Electric transmission
9.7	Electric retail volumes
6.1	Electric QF liability adjustment
2.3	Natural gas retail volumes
(2.2)	Montana electric supply cost recovery
(0.7)	Montana natural gas production rates
3.7	Other
\$30.1	Change in Gross Margin Impacting Net Income

(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure. See appendix for additional disclosure.

\$2.3	Property taxes recovered in revenue, offset in property tax expense
1.6	Production tax credits reducing revenue, offset in income tax benefit
0.2	Gas production taxes recovered in revenue, offset in property and other taxes
\$4.1	Change in Gross Margin Offset Within Net Income
\$34.2	Increase in Gross Margin

Weather

(Six Months Ended June 30)

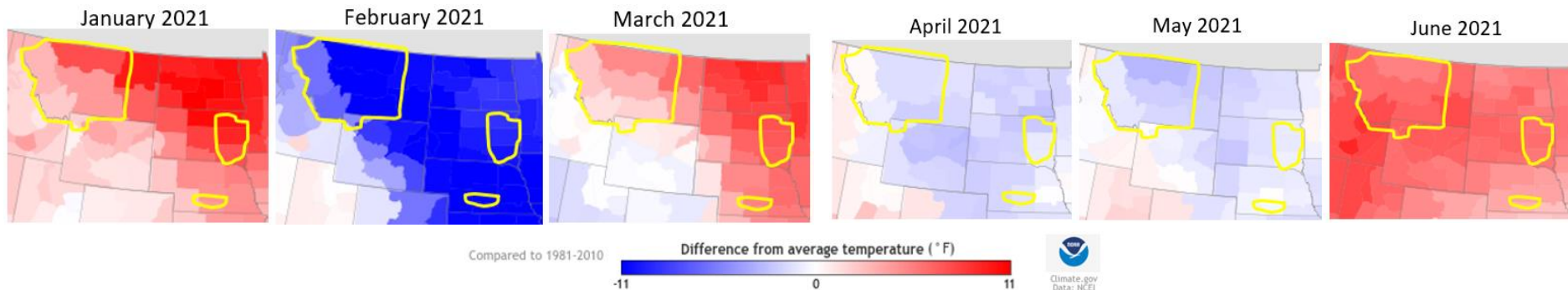
Heating Degree - Days

	YTD thru 6/30 Degree Days			YTD thru 6/30 as compared with:	
	2021	2020	Historic Average	2020	Historic Average
Montana	4,467	4,401	4,538	1% cooler	2% warmer
South Dakota	5,165	5,493	5,561	6% warmer	7% warmer
Nebraska	4,423	4,210	4,599	5% cooler	4% warmer

Cooling Degree-Days

	YTD thru 6/30 Degree Days			YTD thru 6/30 as compared with:	
	2021	2020	Historic Average	2020	Historic Average
Montana	139	55	55	153% warmer	153% warmer
South Dakota	148	89	61	66% warmer	143% warmer

Mean Temperature Departures from Average



We estimate favorable weather through the first 6 months of 2021 has contributed approximately \$0.7M pretax benefit as compared to normal and \$4.2M pretax benefit as compared to the same period in 2020.

Operating Expenses

(Six Months Ended June 30)

(dollars in millions)

Six Months Ended June 30,

	2021	2020	Variance	
Operating, general & admin.	\$ 158.0	\$ 150.7	\$ 7.3	4.8%
Property and other taxes	94.8	91.5	3.3	3.6%
Depreciation and depletion	93.8	90.0	3.8	4.2%
Operating Expenses	\$ 346.6	\$ 332.2	\$ 14.4	4.3%

Increase in Operating, general & admin expense due to the following factors:

\$1.7	Generation maintenance
1.4	Employee benefits
0.6	Technology implementation and maintenance
(4.4)	Uncollectible accounts
(0.4)	Travel and training
0.7	Other
<u>(\$0.4)</u>	Change in OG&A Items Impacting Net Income
\$5.3	Non-employee directors deferred compensation
2.4	Pension and other postretirement benefits
<u>\$7.7</u>	Change in OG&A Items Offset Within Net Income
<u>\$7.3</u>	Increase in Operating, General & Administrative Expenses

\$3.3 million increase in property and other taxes due primarily an increase in Montana state and local taxes.

\$3.8 million increase in depreciation expense primarily due to plant additions

Operating to Net Income

(Six Months Ended June 30)

(dollars in millions)

Six Months Ended June 30,

	2021	2020	Variance	
Operating Income	\$ 140.0	\$ 120.1	\$ 19.9	16.6%
Interest Expense	(47.0)	(48.6)	1.6	3.3%
Other Income / (Expense)	8.6	(1.8)	10.4	577.8%
Income Before Taxes	101.7	69.7	32.0	45.9%
Income Tax (Expense) / Benefit	(1.4)	2.5	(3.9)	(156.0%)
Net Income	\$ 100.3	\$ 72.2	\$ 28.1	38.9%

\$1.3 million decrease in interest expense, was a result of higher capitalization of AFUDC, partly offset by higher borrowings.

\$10.4 million increase in other income was due to a \$7.7 million related to items offset in operating, general, and administrative expense with no impact to net income and higher capitalization of AFUDC. Items offset in operating, general and administrative expense includes a \$5.3 million increase in the value of deferred shares held in trust for non-employee directors deferred compensation and a decrease in other pension expense of \$2.4 million.

\$3.9 million increase in income tax expense was largely due to higher pre-tax income as compared to 2020, partly offset by higher flow-through repairs deductions and production tax credits, both which lower our tax expense. We expect our 2021 effective tax rate to range between (2.5%) and 2.5%.

Income Tax Reconciliation



(Six Months Ended June 30)

(in millions)

	Six Months Ended June 30,				
	2020		2019		Variance
Income Before Income Taxes	\$101.7		\$69.7		\$32.0
Income tax calculated at federal statutory rate	21.3	21.0%	14.6	21.0%	6.7
<u>Permanent or flow through adjustments:</u>					
State income, net of federal provisions	0.3	0.3%	0.0	0.1%	0.3
Flow - through repairs deductions	(12.1)	(11.9%)	(10.6)	(15.3%)	(1.5)
Production tax credits	(6.6)	(6.5%)	(5.3)	(7.7%)	(1.3)
Plant and depreciation of flow-through items	(0.5)	(0.5%)	0.2	0.3%	(0.7)
Amortization of excess deferred income tax	(0.4)	(0.4%)	(0.5)	(0.7%)	0.1
Share-based compensation	(0.3)	(0.3%)	(0.6)	(0.9%)	0.3
Other, net	(0.4)	(0.4%)	(0.3)	(0.4%)	(0.1)
Sub-total	(20.0)	(19.7%)	(17.2)	(24.6%)	(2.8)
Income Tax Benefit	\$ 1.3	1.3%	\$ (2.5)	(3.6%)	\$ 3.8

Adjusted Non-GAAP Earnings

(Six Months Ended June 30)

						Non GAAP	Non-GAAP Variance						
	GAAP	Favorable Weather	(1) Move Pension Expense to OG&A (disaggregated with ASU 2017-07)	Non-employee Deferred Compensation	QF Liability (one-time clarification in contract term)		Six Months Ended June 30, 2021	\$	%	Non GAAP	Non-employee Deferred Compensation	(1) Move Pension Expense to OG&A (disaggregated with ASU 2017-07)	Unfavorable Weather
	Six Months Ended June 30, 2021					Six Months Ended June 30, 2021			Six Months Ended June 30, 2020				Six Months Ended June 30, 2020
<i>(in millions)</i>													
Revenues	\$699.0	(0.7)			(8.7)	\$689.6	\$81.5	13.4%	\$608.1			3.5	\$604.6
Cost of sales	212.5				-	212.5	60.2	39.5%	152.3			-	152.3
Gross Margin (1)	486.5	(0.7)	-	-	(8.7)	477.1	21.3	4.7%	455.8	-	-	3.5	452.3
Op. Expenses													
OG&A	158.0		(2.1)	(1.5)		154.4	(0.4)	-0.3%	154.8	3.8	0.3		150.7
Prop. & other taxes	94.8					94.8	3.3	3.6%	91.5				91.5
Depreciation	93.8					93.8	3.8	4.2%	90.0				90.0
Total Op. Exp.	346.6	-	(2.1)	(1.6)	-	342.9	6.6	2.0%	336.3	3.8	0.3	-	332.2
Op. Income	140.0	(0.7)	2.1	1.6	(8.7)	134.3	14.8	12.4%	119.5	(3.8)	(0.3)	3.5	120.1
Interest expense	(47.0)					(47.0)	1.6	3.3%	(48.6)				(48.6)
Other (Exp.) Inc., net	8.6		(2.1)	(1.6)		4.9	2.6	113.0%	2.3	3.8	0.3		(1.8)
Pretax Income	101.7	(0.7)	-	-	(8.7)	92.3	19.1	26.1%	73.2	-	-	3.5	69.7
Income tax	(1.4)	0.2	-	-	2.2	1.0	(0.6)	-37.2%	1.6			(0.9)	2.5
Net Income	\$100.3	(0.5)	-	-	(6.5)	\$93.3	\$18.5	24.7%	\$74.8	-	-	2.6	\$72.2
<i>ETR</i>	1.3%	25.3%	-	-	25.3%	-1.1%			-2.2%	-	-	25.3%	-3.6%
Diluted Shares	50.9					50.9	0.3	0.6%	50.6				50.6
Diluted EPS	\$1.96	(0.01)	-	-	(0.13)	\$1.82	\$0.34	23.0%	\$1.48	-	-	0.05	\$1.43

The adjusted non-GAAP measures presented in the table are being shown to reflect significant items that were non-recurring or variance from normal weather, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

(1) As a result of the adoption of Accounting Standard Update 2017-07 in March 2018, pension and other employee benefit expense is now disaggregated on the GAAP income statement with portions now recorded in both OG&A expense and Other (Expense) Income lines. To facilitate better understanding of trends in year-over-year comparisons, the non-GAAP adjustment above re-aggregates the expense in OG&A - as it was historically presented prior to the ASU 2017-07 (with no impact to net income or earnings per share).

Balance Sheet

(dollars in millions)	As of June 30, 2021	As of December 31, 2020
Cash and cash equivalents	\$ 5.9	\$ 5.8
Restricted cash	13.6	11.3
Accounts receivable, net	143.5	168.2
Inventories	69.9	61.0
Other current assets	114.7	62.3
Goodwill	357.6	357.6
PP&E and other non-current assets	5,860.9	5,723.2
Total Assets	\$ 6,566.2	\$ 6,389.4
Payables	89.6	100.4
Current Maturities - debt and leases	2.8	102.7
Other current liabilities	256.1	263.4
Long-term debt & capital leases	2,516.7	2,330.0
Other non-current liabilities	1,523.7	1,513.9
Shareholders' equity	2,177.3	2,079.1
Total Liabilities and Equity	\$ 6,566.2	\$ 6,389.4
Capitalization:		
Short-Term Debt & Short-Term Finance Leases	2.8	102.7
Long-Term Debt & Long-Term Finance Leases	2,516.7	2,330.0
Less: Basin Creek Finance Lease	(16.2)	(17.4)
Less: New Market Tax Credit Financing Debt	(27.0)	(27.0)
Shareholders' Equity	2,177.3	2,079.1
Total Capitalization	\$ 4,653.7	\$ 4,467.4
Ratio of Debt to Total Capitalization	53.2%	53.5%

Targeted debt to capitalization ratio of 50%-55%

53.6% Debt to Capitalization at March 31, 2021

Cash Flow



**Six Months Ending
June 30,**

(dollars in millions)

Operating Activities

	2021	2020
Net Income	\$ 100.3	\$ 72.2
Non-Cash adjustments to net income	95.7	94.3
Changes in working capital	(59.0)	56.9
Other non-current assets & liabilities	(32.5)	(4.2)
Cash provided by Operating Activities	104.5	219.2

Investing Activities

PP&E additions	(182.8)	(176.5)
Cash used in Investing Activities	(182.8)	(176.5)

Financing Activities

Issuance of long-term debt	99.9	150.0
Payment of short-term borrowings	(100.0)	100.0
Line of credit issuances, net	88.0	(225.0)
Dividends on common stock	(62.8)	(60.2)
Financing costs	(0.6)	(1.1)
Issuance of Common Stock / Treasury Activity	56.3	(2.1)
Cash Provided by / (Used in) Financing Activities	80.8	(38.4)

Increase in Cash, Cash Equiv. & Restricted Cash

Beginning Cash, Cash Equiv. & Restricted Cash	17.1	12.1
Ending Cash, Cash Equiv. & Restricted Cash	\$ 19.6	\$ 16.4

Cash from operating activities decreased by \$114.7 million primarily due to an \$82.8 million increase in market purchases of supply during the February 2021 cold weather event resulting in an undercollection of supply costs from customers in the current period, and a refund of approximately \$20.5 million to our FERC regulated wholesale customers in 2021.

Income Tax Reconciliation

(Six Months Ended June 30)

(in millions)

	Six Months Ended June 30,				
	2020		2019		Variance
Income Before Income Taxes	\$101.7		\$69.7		\$32.0
Income tax calculated at federal statutory rate	21.3	21.0%	14.6	21.0%	6.7
<u>Permanent or flow through adjustments:</u>					
State income, net of federal provisions	0.3	0.3%	0.0	0.1%	0.3
Flow - through repairs deductions	(12.1)	(11.9%)	(10.6)	(15.3%)	(1.5)
Production tax credits	(6.6)	(6.5%)	(5.3)	(7.7%)	(1.3)
Plant and depreciation of flow-through items	(0.5)	(0.5%)	0.2	0.3%	(0.7)
Amortization of excess deferred income tax	(0.4)	(0.4%)	(0.5)	(0.7%)	0.1
Share-based compensation	(0.3)	(0.3%)	(0.6)	(0.9%)	0.3
Other, net	(0.4)	(0.4%)	(0.3)	(0.4%)	(0.1)
Sub-total	(20.0)	(19.7%)	(17.2)	(24.6%)	(2.8)
Income Tax Benefit	\$ 1.3		\$ (2.5)		\$ 3.8

Qualified Facility Earnings Adjustment

	Annual actual contract price escalation	Annual adjustment for actual output and pricing	One-time clarification of an underlying contract term	Total
Jun-15	(\$6.1)	1.8	0.0	(\$4.3)
Jun-16	\$0.0	1.8	0.0	\$1.8
Jun-17	\$0.0	2.1	0.0	\$2.1
Jun-18	\$17.5	9.7	0.0	\$27.2
Jun-19	\$3.3	3.1	0.0	\$6.4
Jun-20	\$2.2	0.9	0.0	\$3.1
Jun-21	(\$2.1)	2.6	8.7	\$9.2

Year-over-Year Better (Worse)

Jun-16	\$6.1	0.0	0.0	\$6.1
Jun-17	\$0.0	0.3	0.0	\$0.3
Jun-18	\$17.5	7.6	0.0	\$25.1
Jun-19	(\$14.2)	(6.6)	0.0	(\$20.8)
Jun-20	(\$1.1)	(2.2)	0.0	(\$3.3)
Jun-21	(\$4.3)	1.7	8.7	\$6.1

The \$6.1 million improvement in 2021 is the result of a favorable adjustment of our electric QF liability (unrecoverable costs associated with the Public Utility Regulatory Policies Act of 1978 (PURPA) contracts as part of a 2002 stipulation with the MPSC and other parties) reflecting a \$9.2 million gain in 2021, as compared with a \$3.1 million gain for the same period in 2020, due to the combination of:

- A \$2.6 million favorable reduction in costs for the current contract year to record the annual adjustment for actual output and pricing, as compared with a \$0.9 million favorable reduction in costs in the prior period;
- A negative adjustment increasing the QF liability by \$2.1 million reflecting annual actual contract price escalation, which was more than previously estimated, compared to a favorable adjustment of \$2.2 million in the prior year due to lower actual price escalation; and
- A favorable adjustment of approximately \$8.7 million decreasing the QF liability due to a one-time change in contract terms.

Our electric QF liability consists of unrecoverable costs associated with contracts covered under PURPA that are part of a 2002 stipulation with the MPSC and other parties. Risks / losses associated with these contracts are born by shareholders, not customers. Therefore, any mitigation of prior losses and / or benefits of liability reduction also accrue to shareholders.

Quarterly PCCAM Impacts

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Full Year</u>
'17/'18 Tracker	Full year recorded in Q3			\$3.3	\$3.3
'18/'19 Tracker			(\$5.1)	\$0.3	(4.8)
2018 (Expense) Benefit	\$0.0	\$0.0	(\$1.8)	\$0.3	(\$1.5)
					<u>Full Year</u>
'18/'19 Tracker	(\$1.6)	\$4.6			\$3.0
'19/'20 Tracker			\$0.1	(\$0.7)	(0.6)
2019 (Expense) Benefit	(\$1.6)	\$4.6	\$0.1	(\$0.7)	\$2.4
					<u>Full Year</u>
CU4 Disallowance ('18/'19 Tracker)				(\$9.4)	(\$9.4)
'19/'20 Tracker	\$0.1	\$0.2			\$0.3
'20/'21 Tracker			(\$0.4)	(\$0.2)	(0.6)
2020 (Expense) Benefit	\$0.1	\$0.2	(\$0.4)	(\$9.6)	(\$9.7)
					<u>Year to Date</u>
'20/'21 Tracker	(\$1.3)	(\$0.6)			(\$1.9)
'21/'22 Tracker					-
2021 (Expense) Benefit	(\$1.3)	(\$0.6)	\$0.0	\$0.0	(\$1.9)
Year-over-Year Variance	(\$1.4)	(\$0.8)			(\$2.2)

In 2017, the Montana legislature revised the statute regarding our recovery of electric supply costs. In response, the MPSC approved a new design for our electric tracker in 2018, effective July 1, 2017. The revised electric tracker, or PCCAM established a baseline of power supply costs and tracks the differences between the actual costs and revenues. Variances in supply costs above or below the baseline are allocated 90% to customers and 10% to shareholders, with an annual adjustment. From July 2017 to May 2019, the PCCAM also included a "deadband" which required us to absorb the variances within +/- \$4.1 million from the base, with 90% of the variance above or below the deadband collected from or refunded to customers. In 2019, the Montana legislature revised the statute effective May 7, 2019, prohibiting a deadband, allowing 100% recovery of QF purchases, and maintaining the 90% / 10% sharing ratio for other purchases.

NWE Rate Base and Earnings Profile

Data as reported in our 2020 10-K

Jurisdiction and Service	Implementation Date	Authorized Rate Base (millions)	Estimated Rate Base (millions)	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Equity Level
Montana electric delivery and production (1)	April 2019	\$ 2,030.1	\$ 2,500.9	6.92%	9.65%	49.38%
Montana - Colstrip Unit 4	April 2019	304.0	272.4	8.25%	10.00%	50.00%
Montana natural gas delivery and production (2)	September 2017	430.2	516.1	6.96%	9.55%	46.79%
Total Montana		2,764.3	3,289.4			
South Dakota electric (3)	December 2015	557.3	626.8	7.24%	n/a	n/a
South Dakota natural gas (3)	December 2011	65.9	77.4	7.80%	n/a	n/a
Total South Dakota		623.2	704.2			
Nebraska natural gas (3)	December 2007	24.3	37.8	8.49%	10.40%	n/a
Total NorthWestern Energy		\$ 3,411.8	\$ 4,031.4			

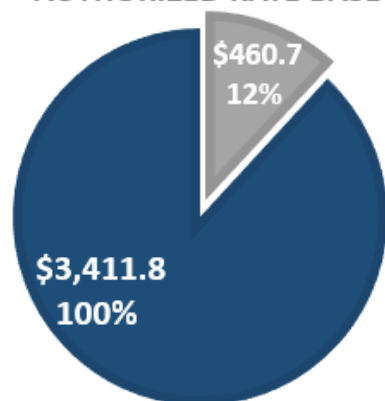
(1) The revenue requirement associated with the FERC regulated portion of Montana electric transmission and ancillary services are included as revenue credits to our MPSC jurisdictional customers. Therefore, we do not separately reflect FERC authorized rate base or authorized returns.

(2) The Montana gas revenue requirement includes a step down which approximates annual depletion of our natural gas production assets included in rate base.

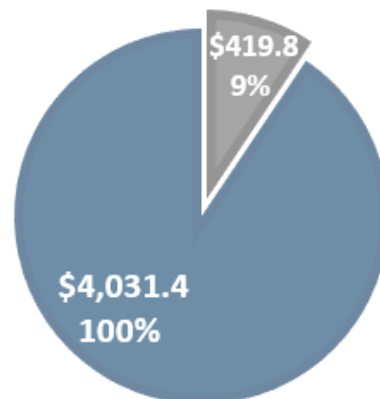
(3) For those items marked as "n/a," the respective settlement and/or order was not specific as to these terms.

Coal Generation Rate Base as a percentage of Total Rate Base

AUTHORIZED RATE BASE



ESTIMATED RATE BASE



■ Coal Rate Base
■ Total Rate Base

Revenue from coal generation is not easily identifiable due to the use of bundled rates in South Dakota and other rate design and accounting considerations. However, NorthWestern is a fully regulated utility company for which rate base is the primary driver for earnings. The data to the left illustrates that NorthWestern only derives approximately 9-12% of earnings from its jointly owned coal generation rate base.

2020 System Statistics



Owned Energy Supply

Electric (MW)	MT	SD	Total
Base load coal	222	210	432
Wind	51	80	131
Hydro	448	-	448
Other resources (2)	150	121	271
	871	411	1,282

Natural Gas (Bcf)	MT	SD	Total
Proven reserves	43.1	-	43.1
Annual production	3.5	-	3.5
Storage	17.8	-	17.8



Transmission

Trans for Others	MT	SD	Total
Electric (GWh)	9,931	25	9,956
Natural Gas (Bcf)	42.0	31.2	73.2

System (miles)	MT	SD	Total
Electric	6,809	1,308	8,117
Natural gas	2,165	55	2,220
Total	8,974	1,363	10,337



Distribution

Demand	MT	SD / NE (1)	Total
Daily MWs	750	200	950
Peak MWs	1,200	328	1,528
Annual GWhs	6,600	1,750	8,350
Annual Bcf	21.3	10.3	31.7

Customers	MT	SD / NE	Total
Electric	384,700	63,900	448,600
Natural gas	203,700	90,700	294,400
Total	588,400	154,600	743,000

System (miles)	MT	SD / NE	Total
Electric	18,068	2,314	20,382
Natural gas	4,892	2,523	7,415
Total	22,960	4,837	27,797

Note: Statistics above are as of 12/31/2020 except for electric transmission for others which is 2019 data

(1) Nebraska is a natural gas only jurisdiction

(2) Dave Gates Generating Station (DGGs) in Montana is a 150 MW nameplate facility but consider it a 105 MW (60 MW FERC & 45MW MPSC jurisdictions) peaker

Experienced & Engaged Board of Directors



Dana J. Dykhouse

- Chairman of the Board
- Independent
- Director since Jan. 2009



Anthony T. Clark

- Committees: Nominating and Governance, Human Resources
- Independent
- Director since Dec. 2016



Jan R. Horsfall

- Committees: Safety, Environmental, Technology and Operations (chair), Audit
- Independent
- Director since April 2015



Britt E. Ide

- Committees: Safety, Environmental, Technology and Operations, Human Resources
- Independent
- Director since April 2017



Robert C. Rowe

- Committees: None
- CEO and President
- Director since August 2008



Linda G. Sullivan

- Committees: Audit (Chair), Safety, Environmental, Technology and Operations
- Independent
- Director since April 2017



Mahvash Yazdi

- Committees: Human Resources (Chair), Safety, Environmental, Technology and Operations
- Independent
- Director since December 2019



Jeff W. Yingling

- Committees: Nominating and Governance (Chair), Audit
- Independent
- Director since October 2019

Strong Executive Team



Robert C. Rowe

- Chief Executive Officer
- Current position since 2008



Brian B. Bird

- President and Chief Operating Officer
- Current position since 2021 (formerly Chief Financial Officer since 2003)



Crystal D. Lail

- Vice President and Chief Financial Officer
- Current position since 2021 (formerly VP and Chief Accounting Officer since 2020)



Heather H. Grahame

- General Counsel and Vice President of Regulatory and Federal Government Affairs
- Current position since 2010



Michael R. Cashell

- Vice President - Transmission
- Current Position since 2011



John D. Hines

- Vice President – Supply/Montana Affairs
- Current Position since 2011



Curtis T. Pohl

- Vice President - Distribution
- Current position since 2003



Bobbi L. Schroepfel

- Vice President – Customer Care, Communications and Human Resources
- Current Position since 2002



Jeanne M. Vold

- Vice President – Technology
- Current Position since 2021 (former Business Technology Officer since 2012)

Our Commissioners

Montana Public Service Commission



<u>Name</u>	<u>Party</u>	<u>Began Serving</u>	<u>Term Ends</u>
James Brown (Chair)	R	Jan-21	Jan-25
Jennifer Fielder	R	Jan-21	Jan-25
Brad Johnson (Vice Chair)	R	Jan-15	Jan-23
Tony O'Donnell	R	Jan-17	Jan-25
Randy Pinocci	R	Jan-19	Jan-23

Commissioners are elected in statewide elections from each of five districts. Chairperson is elected by fellow Commissioners.
Commissioner term is four years, Chairperson term is two years.

South Dakota Public Utilities Commission



<u>Name</u>	<u>Party</u>	<u>Began Serving</u>	<u>Term Ends</u>
Kristie Fiegen (Vice Chair)	R	Aug-11	Jan-25
Gary Hanson	R	Jan-03	Jan-27
Chris Nelson (Chair)	R	Jan-11	Jan-23

Commissioners are elected in statewide elections. Chairperson is elected by fellow Commissioners.
Commissioner term is six years, Chairperson term is one year.

Nebraska Public Service Commission



<u>Name</u>	<u>Party</u>	<u>Began Serving</u>	<u>Term Ends</u>
Rod Johnson (Vice Chair)	R	Jan-93	Jan-23
Crystal Rhoades	D	Jan-15	Jan-27
Mary Ridder	R	Jan-17	Jan-23
Tim Schram	R	Jan-07	Jan-25
Dan Watermeier (Chair)	R	Jan-19	Jan-25

Commissioners are elected in statewide elections. Chairperson is elected by fellow Commissioners.
Commissioner term is six years, Chairperson term is one year.

Non-GAAP Financial Measures (1 of 2)

Use of Non-GAAP Financial Measures - Reconcile to Non-GAAP diluted EPS

Pre-Tax Adjustments (\$ Millions)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Reported GAAP Pre-Tax Income	\$ 102.6	\$ 116.5	\$ 108.3	\$ 110.4	\$ 181.2	\$ 156.5	\$ 176.1	\$ 178.3	\$ 182.2	\$ 144.2
Non-GAAP Adjustments to Pre-Tax Income:										
Weather	(3.0)	8.4	(3.7)	(1.3)	13.2	15.2	(3.4)	(1.3)	(7.3)	9.8
Release of MPSC DGGS deferral	-	(3.0)	-	-	-	-	-	-	-	-
Lost revenue recovery related to prior periods	-	(3.0)	(1.0)	-	-	(14.2)	-	-	-	-
DGGS FERC ALJ initial decision - portion related to 2011	-	7.2	-	-	-	-	-	-	-	-
MSTI Impairment	-	24.1	-	-	-	-	-	-	-	-
Favorable CELP arbitration decision	-	(47.5)	-	-	-	-	-	-	-	-
Remove hydro acquisition transaction costs	-	-	6.3	15.4	-	-	-	-	-	-
Exclude unplanned hydro earnings	-	-	-	(8.7)	-	-	-	-	-	-
Remove benefit of insurance settlement	-	-	-	-	(20.8)	-	-	-	-	-
QF liability adjustment	-	-	-	-	6.1	-	-	(17.5)	-	-
Electric tracker disallowance of prior period costs	-	-	-	-	-	12.2	-	-	-	9.9
Transmission impacts (unfavorable hydro conditions)	3.0	-	-	-	-	-	-	-	-	-
Settlement of Workers Compensation Claim	3.0	-	-	-	-	-	-	-	-	-
Income tax adjustment	(10.1)	(3.6)	-	-	-	-	-	9.4	-	-
Unplanned Equity Dilution from Hydro transaction	-	-	-	-	-	-	-	-	-	-
Adjusted Non-GAAP Pre-Tax Income	\$ 95.5	\$ 99.1	\$ 109.8	\$ 115.8	\$ 179.7	\$ 169.7	\$ 172.7	\$ 168.9	\$ 174.9	\$ 163.9
Tax Adjustments to Non-GAAP Items (\$ Million)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GAAP Net Income	\$ 92.6	\$ 98.4	\$ 94.0	\$ 120.7	\$ 151.2	\$ 164.2	\$ 162.7	\$ 197.0	\$ 202.1	\$ 155.2
Non-GAAP Adjustments Taxed at 38.5% ('08-'17) and 25.3% ('18-current):										
Weather	(1.8)	5.2	(2.3)	(0.8)	8.1	9.3	(2.1)	(1.0)	(5.5)	7.3
Release of MPSC DGGS deferral	-	(1.9)	-	-	-	-	-	-	-	-
Lost revenue recovery related to prior periods	-	(1.9)	(0.6)	-	-	(8.7)	-	-	-	-
DGGS FERC ALJ initial decision - portion related to 2011	-	4.4	-	-	-	-	-	-	-	-
MSTI Impairment	-	14.8	-	-	-	-	-	-	-	-
Favorable CELP arbitration decision	-	(29.2)	-	-	-	-	-	-	-	-
Remove hydro acquisition transaction costs	-	-	3.9	9.5	-	-	-	-	-	-
Exclude unplanned hydro earnings	-	-	-	(5.4)	-	-	-	-	-	-
Remove benefit of insurance settlement	-	-	-	-	(12.8)	-	-	-	-	-
QF liability adjustment	-	-	-	-	3.8	-	-	(13.1)	-	-
Electric tracker disallowance of prior period costs	-	-	-	-	-	7.5	-	-	-	7.4
Transmission impacts (unfavorable hydro conditions)	1.8	-	-	-	-	-	-	-	-	-
Settlement of Workers Compensation Claim	1.8	-	-	-	-	-	-	-	-	-
Income tax adjustment	(6.2)	(2.2)	-	(18.5)	-	(12.5)	-	(12.8)	(22.8)	-
Unplanned Equity Dilution from Hydro transaction	-	-	-	-	-	-	-	-	-	-
Non-GAAP Net Income	\$ 88.2	\$ 87.7	\$ 94.9	\$ 105.5	\$ 150.3	\$ 159.8	\$ 160.6	\$ 170.1	\$ 173.8	\$ 169.9

Non-GAAP Diluted Earnings Per Share	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Diluted Average Shares (Millions)</i>	36.5	37.0	38.2	40.4	47.6	48.5	48.7	50.2	50.8	50.7
Reported GAAP Diluted earnings per share	\$ 2.53	\$ 2.66	\$ 2.46	\$ 2.99	\$ 3.17	\$ 3.39	\$ 3.34	\$ 3.92	\$ 3.98	\$ 3.06
Non-GAAP Adjustments:										
Weather	(0.05)	0.14	(0.05)	(0.02)	0.17	0.19	(0.04)	(0.02)	(0.11)	0.14
Release of MPSC DGGS deferral	-	(0.05)	-	-	-	-	-	-	-	-
Lost revenue recovery related to prior periods	-	(0.05)	(0.02)	-	-	(0.18)	-	-	-	-
DGGS FERC ALJ initial decision - portion related to 2011	-	0.12	-	-	-	-	-	-	-	-
MSTI Impairment	-	0.40	-	-	-	-	-	-	-	-
Favorable CELP arbitration decision	-	(0.79)	-	-	-	-	-	-	-	-
Remove hydro acquisition transaction costs	-	-	0.11	0.24	-	-	-	-	-	-
Exclude unplanned hydro earnings	-	-	-	(0.14)	-	-	-	-	-	-
Remove benefit of insurance settlements & recoveries	-	-	-	-	(0.27)	-	-	-	-	-
QF liability adjustment	-	-	-	-	0.08	-	-	(0.26)	-	-
Electric tracker disallowance of prior period costs	-	-	-	-	-	0.16	-	-	-	0.15
Transmission impacts (unfavorable hydro conditions)	0.05	-	-	-	-	-	-	-	-	-
Settlement of Workers Compensation Claim	0.05	-	-	-	-	-	-	-	-	-
Income tax adjustment	(0.17)	(0.06)	-	(0.47)	-	(0.26)	-	(0.25)	(0.45)	-
Unplanned Equity Dilution from Hydro transaction	-	-	-	0.08	-	-	-	-	-	-
Non-GAAP Diluted Earnings Per Share	\$ 2.41	\$ 2.37	\$ 2.50	\$ 2.68	\$ 3.15	\$ 3.30	\$ 3.30	\$ 3.39	\$ 3.42	\$ 3.35

These materials include financial information prepared in accordance with GAAP, as well as other financial measures, such as Gross Margin and Adjusted Diluted EPS, that are considered “non-GAAP financial measures.” Generally, a non-GAAP financial measure is a numerical measure of a company's financial performance, financial position or cash flows that exclude (or include) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Gross Margin (Revenues less Cost of Sales) is a non-GAAP financial measure due to the exclusion of depreciation from the measure. Gross Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs. Adjusted Diluted EPS is another non-GAAP measure. The Company believes the presentation of Adjusted Diluted EPS is more representative of our normal earnings than the GAAP EPS due to the exclusion (or inclusion) of certain impacts that are not reflective of ongoing earnings.

The presentation of these non-GAAP measures is intended to supplement investors' understanding of our financial performance and not to replace other GAAP measures as an indicator of actual operating performance. Our measures may not be comparable to other companies' similarly titled measures.

Non-GAAP Financial Measures (2 of 2)

Use of Non-GAAP Financial Measures - Dividend Payout Ratio to GAAP and Non-GAAP diluted EPS

(per share)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dividend per Share	\$ 1.44	\$ 1.48	\$ 1.52	\$ 1.60	\$ 1.92	\$ 2.00	\$ 2.10	\$ 2.20	\$ 2.30	\$ 2.40
Reported GAAP diluted EPS	\$ 2.53	\$ 2.66	\$ 2.46	\$ 2.99	\$ 3.17	\$ 3.39	\$ 3.34	\$ 3.92	\$ 3.98	\$ 3.06
Dividend Payout Ratio - GAAP diluted EPS	56.9%	55.6%	61.8%	53.5%	60.6%	59.0%	62.9%	56.1%	57.8%	78.4%
Reported Non-GAAP diluted EPS	\$ 2.41	\$ 2.37	\$ 2.50	\$ 2.68	\$ 3.15	\$ 3.30	\$ 3.30	\$ 3.39	\$ 3.42	\$ 3.35
Dividend Payout Ratio - Non-GAAP diluted EPS	59.8%	62.4%	60.8%	59.7%	61.0%	60.6%	63.6%	64.9%	67.3%	71.6%

Use of Non-GAAP Financial Measures - Return on Average Equity for GAAP and Non-GAAP Earnings

(per share)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GAAP Net Income (\$M's)	\$ 92.6	\$ 98.4	\$ 94.0	\$ 120.7	\$ 151.2	\$ 164.2	\$ 162.7	\$ 197.0	\$ 202.1	\$ 155.2
Average Quarterly Equity (\$M's)	\$ 842.8	\$ 895.9	\$ 991.1	\$ 1,119.3	\$ 1,520.2	\$ 1,632.3	\$ 1,720.4	\$ 1,875.7	\$ 1,998.8	\$ 2,056.9
Return On Average Equity (ROAE) - GAAP Earnings	11.0%	11.0%	9.5%	10.8%	9.9%	10.1%	9.5%	10.5%	10.1%	7.5%
Reported Non-GAAP diluted EPS	\$2.41	\$2.37	\$2.50	\$2.68	\$3.15	\$3.30	\$3.30	\$3.39	\$3.42	\$3.35
Average Diluted Shares (M)	36.5	37.0	38.2	39.3	47.6	48.5	48.7	50.2	50.8	50.7
Calculated Non-GAAP Adjusted Net Income (\$M's)	\$88.2	\$87.7	\$94.9	\$105.3	\$150.3	\$160.2	\$160.6	\$170.8	\$174.3	\$170.4
Return on Average Equity (ROAE) - Non-GAAP Earnings	10.5%	9.8%	9.6%	9.4%	9.9%	9.8%	9.3%	9.1%	8.7%	8.3%

Use of Non-GAAP Financial Measures - Gross Margin Through June 30, 2021

(in millions)	Electric	Gas	Other	Total
Operating Revenues	\$ 511.5	\$ 187.5	\$ -	\$ 699.0
Cost of Sales	\$ 129.4	\$ 83.1	\$ -	\$ 212.5
Gross Margin	\$ 382.1	\$ 104.5	\$ -	\$ 486.5

Use of Non-GAAP Financial Measures - Gross Margin Through June 30, 2021

(in millions)	Montana	South Dakota	Nebraska	Eliminations	Total
Operating Revenues	\$ 541.7	\$ 138.7	\$ 18.5	\$ -	\$ 699.0
Cost of Sales	\$ 129.5	\$ 71.1	\$ 11.9	\$ -	\$ 212.5
Gross Margin	\$ 412.3	\$ 67.7	\$ 6.6	\$ -	\$ 486.5

Net Operating Losses (NOL's):

The expected tax rate and the expected availability of NOLs are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of our most recent 10-K filed with the SEC.

The data presented in this presentation includes financial information prepared in accordance with GAAP, as well as other Non-GAAP financial measures such as Gross Margin (Revenues less Cost of Sales), Free Cash Flows (Cash flows from operations less maintenance capex and dividends) and Net Debt (Total debt less capital leases), that are considered "Non-GAAP financial measures." Generally, a Non-GAAP financial measure is a numerical measure of a company's financial performance, financial position or cash flows that exclude (or include) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. The presentation of Gross Margin, Free Cash Flows and Net Debt is intended to supplement investors' understanding of our operating performance. Gross Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs. Net Debt is used by our company to determine whether we are properly levered to our Total Capitalization (Net Debt plus Equity). Our Gross Margin, Free Cash Flows and Net Debt measures may not be comparable to other companies' similarly labeled measures. Furthermore, these measures are not intended to replace measures as determined in accordance with GAAP as an indicator of operating performance.



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